

## LETTER TO THE EDITOR

July 28, 2009

The Editor  
Vancouver Sun

Dear Sir:

Rory Fader (July 28) is not correct when he writes "Only the final retail sale of the finished product is subject to the payment of PST".

In fact, there is \$1.9 billion of PST that is annually built into the cost of goods and services in BC before they get to the consumer. He is correct that some materials may be currently exempt, but let's take a look at, for example, at a company that purchases a chair or even photocopy paper. They get charged PST and GST. The GST is rebated, but for the PST they have no choice but to embed that in the price that they charge their clients.

Not only does this make our goods and services more expensive at the consumer level, but it makes our exports less competitive when competing with companies from the 130 countries that have shifted to a similar value-added tax system.

A study by the C.D. Howe institute shows that, when the Atlantic provinces adopted the Harmonized Sales Tax (HST) in late 90's, the vast majority of that embedded PST cost came out of the retail prices in the first 12 months.

Once implemented, the HST system will generate about the same amount of revenue to the Province as the current PST.

Colin Hansen  
Minister of Finance and Deputy Premier