

# A Single Sales Tax: Key Messages

- Harmonizing our sales tax is the single most important thing we can do to spur investment, generate growth and create jobs in Ontario. Just through harmonizing our taxes, Ontario's businesses will save over \$500 million a year in administrative costs.
- We are doing more than just harmonizing our sales tax. The HST is part of our comprehensive package that will see 93% of Ontarians receive a personal income tax cut. Ontarians will see a 16.5% cut in the tax rate on the first \$36,848 they earn. This means 90,000 low income Ontarians will no longer have to pay personal income tax, and on average, those making \$80,000 would have their personal income tax cut by 10 per cent.
- We are also introducing a new, permanent sales tax credit of up to \$260 for low and middle-income Ontarians, and are providing three transitional payments totaling \$300 for individuals and \$1000 for families.
- We are making our businesses more competitive by cutting Corporate Income Tax rates to 10% in 2013 and slashing the tax rate for small businesses by 18. We are also eliminating the Small Business Surtax, and have already eliminated the Capital Tax.
- Check out the tax calculator at [www.ontario.ca/taxchange](http://www.ontario.ca/taxchange) to calculate how much you will save
- Once fully implemented, this comprehensive tax reform package would cut Ontario's marginal effective tax rate on new investment in half, making Ontario one of the most competitive jurisdictions in the industrialized world for new investment. This means more jobs for Ontarians.
- Most importantly, the HST is a value-added tax. Businesses currently pay PST on every input of production, without reimbursement. This creates a tax on tax on tax, which ultimately increases the retail cost of the product or service. Harmonizing will allow businesses to recover the PST portion on inputs, saving them money and allowing them to lower the cost of their goods and services.
- Consumer prices in Atlantic Canada dropped after they harmonized their sales taxes. In fact, TD recently estimated that businesses will pass on 80% of their savings to consumers in the first year, rising to 95% by year three.
- You already pay PST and GST on over 80% of the purchases you make every day. In addition, the HST would not be charged on some items, including basic groceries, prescription drugs, children's clothing and footwear, books and medical devices.