

Province backtracks on proposed 'congestion tax' Instead, new 0.5-per-cent tax to be harmonized with PST

BY TRACY SHERLOCK, VANCOUVER SUN FEBRUARY 1, 2015 8:58 PM



A fleet of buses after the morning rush hour at the TransLink bus yard in Vancouver. Confusion over the proposed "congestion tax" was cleared up Sunday when the province and the mayors' council said the new tax will be fully harmonized with the provincial sales tax.

Photograph by: NICK PROCAYLO, PNG

Confusion over the proposed congestion tax in Metro Vancouver was cleared up Sunday when the province and the mayors' council said the new tax will be fully harmonized with the provincial sales tax.

That means businesses will charge the 0.5-per-cent tax on all of the same items that they charge PST on, that businesses will remit just one payment to the government for both taxes, and that businesses will not have to add a separate line to their receipts and invoices.

Greg Moore, mayor of Port Coquitlam, said the clarification should address some people's concerns and confusion about the proposed tax.

"The paperwork or bureaucracy of having to collect a separate line item for this tax has all been eliminated now. This makes it quite simple for business to change from seven to 7.5 per cent," Moore said.

"The government tells us that it won't take too much extra work for them — they won't have to set up a separate staffing or department — it will be quite seamless and they will collect it and it will go into a separate account that goes to implement the mayors' plans."

Minister of Transportation Todd Stone said in a letter to the mayors' council that the proposed Metro Congestion Improvement Tax will mirror the PST tax base to the fullest extent possible.

"In taking these steps, we would enable this tax to be both administered and remitted by businesses in conjunction with the existing PST, and not requiring it to be separately identified on any receipts or invoices, would address a number of the concerns expressed by the business community," Stone said in his letter.

Metro Vancouver's Mayors' Council welcomed the announcement, saying it would not seek any additional exemptions to the tax, which they said ensures that essential items such as groceries, children's clothing, transportation expenses and prescription medication will be exempt from the tax.

"This clarity is critical for a Yes vote. No is not an option. We need these improvements to prepare for one million more residents," Vancouver Mayor Gregor Robertson, chairman of the mayors' council, said in a news release.

Stone said in his letter that the revenues collected would be subject to independent audits and annual reviews.

Moore said those audits will ensure that the money is used only to implement the plan, which includes \$7.5 billion in projects including more buses, a subway for Vancouver and light rail lines for Surrey.

"We were hearing that from a lot of people, ...(who asked) how do we know that this money will actually go toward implementing the plan. This clarification from the province is a key step in that direction," Moore said.

Mayors say the tax will generate \$250 million per year and is expected to cost the average household in Metro Vancouver 34 cents a day — or \$125 a year.

Residents are expected to receive ballots in mid-March and will have until May 29 to mail in their votes.

Earlier this week, the Retail Council of Canada and B.C. Restaurant and Food Services Association said they would vote No in the plebiscite unless the provincial government scrapped the idea of a separate "congestion tax" in favour of adding the 0.5 per cent to the existing provincial sales tax in Metro Vancouver. Neither of these groups was available Sunday to comment on whether this announcement would change their vote.

The Metro Vancouver Mayors' Council had initially proposed that the tax be harmonized, but the province at first insisted there be a separate "congestion tax" dedicated to Metro Vancouver transit projects. The province said last week it was considering reversing its decision and blending the two taxes.

The PST covers the purchase of new or used goods in B.C., software, accommodation and telecommunication services, as well as higher-taxed items such as cars, boats and alcohol.

The 0.5-per-cent increase would mean vehicles would be taxed at 12.5 per cent and alcohol at 10.5 per cent respectively, pushing the tax on a \$40 bottle of wine, for instance, up 20 cents to \$4.20.

With a file from Kelly Sinoski

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