

**CHESLEY**--Farmers, as food producers, are in the most preferable position among businesses affected by the federal government's new Goods and Services Tax (GST). "Zero rated" under the new tax scheme, farmers are able to file for a refund on any GST paid out on items used in the production of food.

"When this all first came out, everyone wanted to be exempt," said Colin Reesor, farm business advisor at the Markdale office of the Ontario Ministry of Agriculture and Food (OMAF). However, Reesor told about 100 area farmers at Grey-Bruce Farmers' Week, Sheep Day, January 5, that zero-rated businesses have an advantage over those which are exempt from charging the tax.

Landlords, for example, cannot charge GST on rent received. However, they pay the full seven per cent tax on items for repair and renovation of rental property.

"As a farmer, you have an advantage over consumers and landlords in that you can file for this tax back."

Naturally, the break does not apply to farmers who are also landlords, said Reesor.

Farmers are also allowed to sell land to relatives, for personal use, without collecting GST.

Another advantage for farmers is that many of their major purchases fall into the category of merchandise exempt from GST. Major agricultural implements and bulk purchases of fertilizer, seeds or animal feed are all exempt, Reesor said.

Reesor raised a few groans when he said veterinary products, both services and drugs, are taxable. Farmers aren't alone in their dislike of this particular application of the tax, he said.



**GST DISCUSSION**--Colin Reesor, right, OMAF farm business advisor talks with Wayne Ferris, left, of Maxwell and Ross Taylor, of Holstein, after his presentation on the Goods and Services Tax at Grey-Bruce Farmers' Week Sheep Day, January 5. (Raftis photo) 1991.

"Vets don't like it either, because when they have a bad debt, they not only have the bad debt, but GST on the debt."

Application of the tax creates several ironic situations for farmers, Reesor said.

For example, tractors under 60 horsepower are taxable, while tractors with over 60 horsepower are not. Therefore, if a farmer was trading in a 50 horsepower tractor for a 65 horsepower machine, he would charge the dealer GST, but would not be charged GST on his own purchase.

Also, while farmer can file for his GST refund immediately after paying the tax on a purchase,

they have until year-end to pay the government for any GST they collect.

"If you happen to sell something on which you collect GST, you can treat it as a loan from the federal government. Just be sure you have the money when the time comes to submit it."

Even though farmers doing less than \$30,000 in business annually do not have to register for the GST, Reesor recommends it, in order to be eligible for refunds.

The bookkeeping aspect of the GST is a major concern of farmers, many of whom run all their personal purchases through

their farm books, then separate the two at the end of the year, said Reesor.

While each farmer will adjust his bookkeeping system to best suit his needs, Reesor said he recommends filing monthly or quarterly for GST rebates, rather than annually. In this way, a farmer's cash flow is not tied up as long.

Despite the initial confusion, Reesor said he believes the tax to be an improvement on the former federal sales tax, which was buried in the cost of items at the retail level.

"The FST was a nightmare. I'm glad it's gone."

# Homecoming '91



**ALL DRESSED FOR HOMECOMING '91**--Walkerton's Homecoming '91 committee is selling a limited number of collector edition steins as the official Homecoming souvenir. Holding the \$15 steins and modelling their Homecoming garb are Beulah Turnbull, left, Tim Mancell, co-chairman, and Debbie Eidt. (Wassink photo)