

"Magical tax" too good to be true



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Your Business
Thomson News Service

Every now and then someone comes up with an idea that is too good to be true.

So it is that a reader of The Globe and Mail has devised a plan that would do the job of the proposed goods and services tax fairly and simply. The reader, who asked that his name not be used, has shared his wisdom with business columnist Terence Corcoran.

Like the GST, this magical tax would hit consumption rather than income. It would raise the same amount of money, the reader figures, without all the confusing exemptions, headaches and red tape for small business.

The goods and services tax will be levied at the point of sale. The "personal expenditure tax," or PET, would tax gross personal spending - a relatively simple calculation that could be handled in much the same way as the annual income tax return.

Personal spending would be calculated as follows: Total annual income, plus any increase in money borrowed. Subtract from this any increase in money saved and presto! You have total taxable personal spending.

A flat tax could then be levied against taxable spending in much the same way income tax is charged now.

The delightful thing about this approach is the way it so obviously rewards saving. (The GST does, too, but not as obviously.) The more money you save, the lower your taxable spending. Conversely, the more you spend, the more you pay.

The government's objectives would be obvious to everyone: to replace the crippling manufacturers' sales tax with a much

fairer one. Like the GST, this would be a tax that could be kept in check by spending less.

Mr. Corcoran lists other important advantages of the PET over the GST. It would be clearly visible. It would not seep through into consumer prices, boosting inflation; its effect on the economy would be more predictable than the GST.

It would be simpler for businesses, large and small. It could be made progressive by exempting people with low income. "There would be no need for a food exemption and no need for the current silly controversy over frozen and take-out pizzas," Mr. Corcoran notes.

There's more. Deductions could be allowed for such things as drugs, dental and day care. The unfortunate effect of the GST on tourism could be avoided. Under the GST, Canadians buying abroad would not be taxed, while foreigners shopping in Canada would although they could apply for a rebate.

Under the PET, Canadians would pay regardless of where they shopped, while foreigners would not.

As Mr. Corcoran points out, the PET plan is not perfect. It would tax the money people spend on their mortgage loans, for example, a problem that would have to be resolved. Like the GST, it would also tax home sales.

Run your own business

Have you always wanted to run your own business? The Georgetown Library is offering a four-night course called "Starting a Small Business." Mr. Ian Donnelly of Bridan Management Consultants will be presenting this seminar, on how to plan, finance and organize a small business. Informative guest speakers and handout material will be included with your \$40 registration fee. This course will run on consecutive Wednesdays at the Georgetown Library: Sept. 6, 13, 20, and 27, from 7-9 p.m. Please register early at the Georgetown or Acton Library, as space is limited. For more information call 873-2681.

Loading trucks need a break

Retailers loading and unloading goods by truck in Acton should be given a break by the meter maid, Acton Coun. Gerald Rennie said this week.

A "long stretch" of road near Main and Mill Streets in downtown Acton is posted "no stopping" the councillor said. Trucks loading and unloading goods are there for 10 minutes but get stiff fines close to \$50.

The meter maid "is very active in the pursuit of people parking in the wrong area," he said.

"It's becoming expensive and (is) very upsetting to a lot of people."

Halton Hills Mayor Russ Miller said he was aware of the stopping problems in downtown Acton.

"I think it makes sense" he said, to post signs allowing retailers to stop their trucks.

"Trucks could unload their stuff and go without being hassled by the meter maid," Coun. Rennie said.

Business Page



Georgetown Office Magic on Guelph Street was recently doubled in size so customers now not only can choose from a wide selection of office and art supplies but also a variety of different types of office furniture. The store's co-owners Arlene Smith (sitting) and Doug Smith, and staff Joanne Styles (left) and June Beeny

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