

One of the sad facts of life for Canadians since January 1st, 1991, has been our infamous Goods and Services Tax (or, perhaps more appropriately, the "Gouge and Screw Tax"), which was introduced by the federal government. It has replaced the old hidden federal sales tax, and although the G.S.T. is set at a much lower level (7%), it is applied as a "value-added" tax on a far wider range of services and products. Virtually every aspect of life is affected by this unpopular new tax.

In the past, as a registered, non-profit, historical association the Toronto Marine Historical Society has been exempt from paying both federal and provincial sales taxes, and this has helped to keep within reason the cost of producing "Scanner". Of course, we still retain our exemption from provincial sales tax, but we have been in serious doubt as to what our status would be in respect of the G.S.T. We did register with the taxation office in case we would have to collect the tax and claim rebates.

The situation has, at long last, been clarified, and it has become evident that T.M.H.S. has two choices in respect of the G.S.T. If we register for G.S.T., we would be able to claim input tax credits for any G.S.T. which the Society might have to pay on printing, supplies, postage (yes, even stamps are now taxed), etc., but the downside is that we would have to charge our members G.S.T. at 7% on their membership dues, purchase of back issues, and the like. The only alternative would be not to register, which would mean that we would be in a "tax exempt" status, much like financial institutions. But the government now places a most extraordinary meaning on the word "exempt", and in our case it would mean that, although we would not have to charge our members tax on their membership fees, we could not claim any credits on tax that we pay on our supplies.

Your Chief Purser, Bill Wilson, had discussions with Revenue Canada and also with a tax consultant, and both have recommended that we not register for the G.S.T., at least not at present. One reason is that the majority of our revenue for the current T.M.H.S. fiscal year was collected before January 1st, and thus is not subject to G.S.T. anyway. Another is that the book-keeping and quarterly remittances required would be a royal pain in the butt. (The Dinner Meeting is no problem because the tax is included in the ticket price and affects only those members who choose to attend, not the entire membership.)

The major problem, however, is what G.S.T. would do to membership fees. We already are charging \$18.00 per annum, and we ran at a loss in our 1989-1990 fiscal year, and will do so again in the current year. The only reason we can do this is because in prior years we managed to build up a bank balance which would give us a substantial cushion against inflation, etc. It has, however, been a foregone conclusion that fees would have to be raised for the 1991-1992 season to cover increases in printing, postage, etc., and to increase fees by a substantial amount and then have to collect tax on top of that would be something that we just could not inflict upon our members.

Accordingly, the decision was made that we would not register for G.S.T., and our earlier registration has been deactivated. We believe that we should let the situation remain "as is", at least until the autumn of 1992, at which time your Executive Committee will be able to assess the Society's financial position, and the impact of G.S.T. on our disbursements (as we will get no credits), to see whether any reconsideration of our tax status might be beneficial to the members.

So, for the time being, consider your T.M.H.S. membership as something like buying six muffins instead of one with your morning coffee... We're basic groceries and not restaurant food, so you don't pay tax!