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MEDIA RELEASE

Ontario Budget lays foundation for stronger economic growth through smart tax reform and investment: Chamber

For Immediate Release
March 27, 2009

Timmins: The Timmins Chamber of Commerce and the Ontario Chamber of Commerce (OCC) applaud the bold vision exhibited in the Ontario budget through smart tax reform including what will prove to be the biggest single stimulus for the Ontario economy: sales tax harmonization.

“Sales tax harmonization, in combination with other tax reform measures including reduced corporate and personal tax cuts, will put Ontario on a path towards increased competitiveness, productivity and economic recovery that will benefit every Ontarian and every business operator in the province,” says Len Crispino, President & CEO of the Ontario Chamber of Commerce. “These smart, but politically difficult choices, are exactly the kind of leadership decisions we need to position us for recovery from these difficult economic times.”

Sales tax harmonization will reduce the five billion dollar burden of provincial sales tax that has been hampering businesses in Ontario, and also provide \$500 million in relief of administrative costs, which will benefit consumers through price reductions. In addition, it includes many “made-in-Ontario” provisions including:

- One-time transitional funding for small businesses to cover the cost of new accounting and point-of-sales systems;
- One-time transition funding for families with income below \$160,000;
- A sales tax credit for low and middle income families;
- Exemptions for provincial portion of harmonized tax: children’s clothing and footwear, all infant and child car seats, diapers, books and feminine hygiene products
- A rebate for municipalities, academic institutions, schools, hospitals, charities and non-profit organizations; and
- A rebate on the provincial portion of HST on new homes up to \$400,000 of 75% of the provincial tax; and a reduced rebate for homes up to \$500,000

“Today’s announcement reflects a clear commitment on the part of both the provincial and federal governments to implement sales tax harmonization in such a way as to maximize its positive impacts while softening the transitional adjustments for consumers and businesses alike. Supporting small businesses by providing transitional funding for new accounting systems is key for members of the

Timmins Chamber. We commend the provincial government for implementing a number of measures designed to help business succeed and compete in the global economy, including a reduction in the small business tax rate and a reduction in the general and manufacturing corporate tax rates,” stated Fred Gibbons, First Vice-President of the Timmins Chamber.

Business competitiveness and economic renewal are of paramount importance to members of the OCC and chambers of commerce and boards of trade across the province. With the release of ***Made in Ontario: The Case for Sales Tax Harmonization***, a report detailing the benefits of sales harmonization for business, consumers and the economy in general in January 2009, the OCC set off a flurry of debate about harmonization. Today’s announcement marks the achievement of the final step of a three-part tax reform package called for by the OCC since 2004 which also included corporate tax harmonization, and the elimination of the capital tax.

In addition to sales tax harmonization, the Ontario budget has embraced a number of significant OCC recommendations regarding business competitiveness including:

- Eliminating the small business surtax (or ‘clawback’) which has been a barrier to business growth;
- Reducing the general and manufacturing corporate tax rates to 10% by 2013;
- Reducing the small business tax rate by 18%;
- Pension solvency relief measures which extend solvency payments to ten years;
- Expansion of the Ontario Innovation Tax Credit;
- Improvements to the co-operative education and apprenticeship tax credits that will make them more accessible to small and medium sized enterprises

For more information, visit www.occ.on.ca.

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The Ontario Chamber of Commerce (OCC) is a federation of 160 local chambers of commerce and boards of trade in the Province of Ontario, representing 60,000 businesses of all sizes, in all economic sectors and from every area of the province. In its mandate to advocate strong policies on issues affecting its members, the OCC is currently focused on economic renewal and business competitiveness. Its over-arching goal is to make Ontario the most competitive jurisdiction in North America.

With over 750 members, the Timmins Chamber of Commerce is the largest accredited chamber of commerce with distinction in northeastern Ontario. As the “Voice of Business in Timmins” since 1949, our advocacy and policy initiatives focus on ensuring a positive business climate in the City of Timmins.

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