House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Conair Consumer Products Inc.

or

( ) **an individual** **Name:** _____

Topic: Business taxation and regulatory issues

*Recommendation 1: Please provide a short summary of your recommendation.

Conair recommends that the tax increase to be effected through the proposed elimination of GPT benefits in Bill C-60 be postponed, pending a full review of the proposed elimination on the Canadian distribution and retail sector as well as the revenue effects of this in terms of displacement of Canadian retail sales to US cross-border competitors. As well, the effect of these measures on producers in foreign countries currently benefiting from the GPT should be thoroughly considered.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$1 million-4.9 million

3 years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

There are no funding implications for Conair's proposal from current funding levels. Rather Conair recommends that this unwarranted tax increase be postponed, given the numerous adverse economic effects, both predictable and unknown at this time. The issue needs further and more detailed study.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

The Canadian distribution and retail sector, which is a major provider of employment across the country, would be assisted by postponement of this proposed tax increase through elimination of GPT benefits which will provide added incentives for cross-border shopping across Canada. Conair's US cross border competitors enjoy lower duty rates into the US and the advantages of greater economies of scale.

For Conair, there are approximately 300 employees in the Toronto area that would be affected by this measure, as well as the company's distributors across the country.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

The standard of living of Canadians would be preserved through the avoidance of unnecessary and counterproductive tax increases of the sort to be introduced under the GPT elimination provisions of Bill C-60. Jobs in the distribution and retail sector would be preserved and possibly enhanced. It should be noted that this sector employs many persons with low skill levels that would otherwise be difficult to employ in other sectors with defined knowledge and skill requirements.

Topic: Business taxation and regulatory issues

Recommendation 2: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Topic: Please select from the pull-down menu

Recommendation 3: Please provide a short summary of your recommendation.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

Please select from the drop down menu

Please select from the drop down menu

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Please use this page if you wish to provide more explanation about your recommendation(s).

Conair has already written to the Minister of Finance on May 1st about Bill C-60 without any acknowledgment.

This measure has potentially very serious ramifications for the company in terms of increasing the tax burden on it operations. The tax increases will have to be passed onto consumers. The existing imbalance in incentives vis-a vis cross border competitors is already well-known and this tax increase is one more measure that will increase the burden on the Canadian distribution and retail sector.

The revenue losses for the government will be significant. Small consumer appliances are easily purchased across the border and in in many cases will either come into Canada sheltered by individual personal exemptions or else simply not be declared at the border. In either case, there is a clear and significant revenue loss to the government as well as a loss of business to competing Canadian distributors such as Conair and to Canadian retailers.

Bill C-60's provisions, insofar as they affect the consumer goods sector, need to be reconsidered. More generally, GPT elimination should be much more carefully calibrated to minimize the adverse effects on various economic interests across Canada as well as outside the country.

*Please note that at least one recommendation must be provided