



**Financa**

Freedom of Information and Protection of Privacy  
910-386 Broadway, Winnipeg, Manitoba R3C 3R6  
T 204 945-0823 F 204 948-3558  
www.manitoba.ca

January 8, 2014

Colin Craig  
1881 Portage Ave  
PO Box 42123  
Winnipeg MB R3J 3X7

Dear Mr. Craig:

**Re: Application for Access under The Freedom of Information and Protection of Privacy Act (FIPPA) – (Our File Number 83-13)**

In follow-up to our original response to you of August 8, 2013 concerning:

***FIPPA Request 83-13***

*"Please provide any reports or analysis on the impact a 1% increase to the PST would have on Manitobans, businesses in the province or the provincial economy. The time frame for this request is from April 1, 2012 – June 28, 2013."*

After reviewing the file, we have decided to rerelease the enclosed briefing note and provide you with additional information. Upon review and consideration, it was determined that the information enclosed is now in the public domain and therefore can be released. However, the rest of the briefing note remains protected in accordance with subsection 23(1) of FIPPA.

Section 59(1) of FIPPA states that you may make a complaint about this decision respecting your application for access to the Manitoba Ombudsman. You have 60 days from the receipt of this letter to make a complaint on the prescribed form to:

Manitoba Ombudsman  
750 – 500 Portage Avenue  
Winnipeg MB R3C 3X1  
(204) 982-9130  
1-800-665-0531

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Please contact me at 204-945-0823 should you have any questions regarding this response.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Penner". The signature is written in a cursive style with a large, looping initial "J".

Jennifer Penner  
Access and Privacy Coordinator  
Manitoba Finance

Enc.

c: Suzanne Vouriot, Investigator  
Manitoba Ombudsman's office

**Relevant provisions of  
*The Freedom of Information & Protection of Privacy Act (FIPPA)***

**Advice to a public body**

**23(1)** The head of a public body may refuse to disclose information to an applicant if disclosure could reasonably be expected to reveal;

- (a) advice, opinions, proposals, recommendations, analyses or policy options developed by or for the public body or a minister;

## BRIEFING NOTE MANITOBA SALES TAX RATE

### ISSUE

Budget 2013 increased the sales tax rate from 7% to 8% starting July 1, 2013.

### KEY MESSAGES

At 8%, Manitoba's rate is third lowest (after SK and BC).

The Government continues to focus on Manitoba families, keeping our economy growing, renewing and improving strategic infrastructure, and protecting health care, education and training, and public safety.

Maintaining Manitoba's affordability for families and competitiveness for businesses are key priorities for the Government. *The Manitoba Advantage* shows Manitoba remains affordable for families and is competitive for manufacturers, the largest contributor to provincial GDP.

The decisions to improve revenue were made only after consideration of all options.

### Households and Families

Budget 2013 also introduced sales tax exemptions for:

- infant car seats and booster seats
- baby nursing and feeding supplies
- baby and infant health and safety products
- baby strollers and carriers
- baby bathing and grooming supplies
- baby furniture and accessories
- baby diapering supplies
- bike helmets for children and adults

These exemptions will save Manitoba families, particularly those with babies and infants, \$3.8M.

Seniors will no longer pay school tax on their principal residences in 2015, saving them \$50 million. One-half of the savings will be delivered in 2014.

Farmers and families will continue to pay 1.4% on their utility costs to reflect a sales tax exemption on home and farm heating, leaving utilities for appliances and lights taxable. The rate is not being adjusted to reflect the higher sales tax rate. This will save families an additional \$2.3M.

Manitobans will save \$520 million in income taxes and \$336 million in property taxes in 2013 based on reductions introduced since 1999. Those savings increase to \$539 million in income taxes in 2014 and \$386 million in property taxes in 2015.

Combined, these reductions provide families with savings worth six times more than the impact of the PST rate change.

Introducing an HST in Manitoba – like most other provinces – would have increased the sales taxes paid by Manitoba families by over \$405 million, versus \$150 million from increasing the sales tax rate.

### Businesses

s.23(1)(a)

Businesses will pay an estimated [REDACTED] in PST under the 8% rate. Sales taxes are deductible for income tax purposes.

s.23  
(1)(a)

The refundable Manufacturing Investment Tax Credit has been increased, more than offsetting the impact of the 8% rate for Manitoba's largest contributor to GDP.

Budget 2013 also protects Manitoba R&D Tax Credit from several federal R&D tax credit base reductions; provides important offsetting tax credits for data processing and new rental housing construction; and enhances access to the 0% small business tax rate.

Businesses pay \$431 million less Manitoba taxes in 2013 than in 1999.

Combined, these savings are worth almost four times more to businesses than the impact of the PST rate change.

s.23  
(1)(a)

[REDACTED]

## BACKGROUND

### Distribution of Impact s.23(1)(a)

Estimated additional revenue from the rate increase is \$278 million, of which:

- over 50% is attributable to Manitoba families, equal to \$150 million or about \$150 per household in 2013 and \$300 per household in 2014 (\$25/month);



### Manitoba's PST v GST/HST/QST

All provinces east of Manitoba are harmonized with the federal GST.

Under federal GST and provincial HST/QST the following goods and services are taxable but remain non-taxable under Manitoba PST (excluding Budget 2013 measures).

Goods:

- New housing
- Gasoline and diesel fuel
- Home heating products (electricity, natural gas, wood)
- Children's clothing and footwear
- Used clothing, furniture and household goods under \$100
- Books
- Feminine hygiene products
- Vegetable and fruit plants, seeds and trees
- Organic fertilizers and topsoil
- Smoking cessation products

**Services:**

- Haircuts under \$50
- Construction services to real property (land and houses excluding mechanical/electrical systems)
  - Excavation, basements, foundation, piles and waterproofing
  - Concrete and asphalt work
  - Roofing and shingling including vents
  - Eaves troughs, soffits and fascia
  - Stucco, siding, plastering and other exterior finishing
  - Fencing and decks
  - Insulation
  - Masonry work
  - Drywall and paneling
  - Painting (interior/exterior homes/garages/fences)
  - Doors and windows including hardware and millwork
  - Flooring
  - Framing
- Real estate agency fees (also taxable in SK)
- Funeral services
- Postal services
- Investment services, (portfolio management fees), financial planning, tax/estate planning
- Transportation (taxi, bus, rail, air, courier and delivery)
- Moving and storage
- Parking
- Entertainment services admission to theatre, movies, circus, fairs, sporting events, concerts, parks, zoos including tickets to:
  - Winnipeg Jets

- Winnipeg Blue Bombers
- Winnipeg Goldeyes
- Winnipeg Symphony Orchestra
- Royal Manitoba Theatre Centre
- Manitoba Warehouse Theatre

admissions to:

- Winnipeg Folklorama
- Winnipeg International Children's Festival
- Winnipeg Fringe Festival
- Manitoba Folk Festival
- Manitoba-Morris Stampede
- Dauphin's National Ukrainian Festival
- Dauphin's Countryfest
- Winnipeg's New Music Festival
- Brandon's Royal Manitoba Winter Fair

Prepared by: Richard Groen

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