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Issue in Focus

How Pressing is it to Revisit the Treatment of Capital Gains?

By Elena Simonova and Rock Lefebvre

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Executive Summary

In 2006, the federal government affirmed an objective of reducing taxes on savings, including those which result from capital gains. Since that time, a number of well-received tax relief measures have been introduced with little attention to the tax treatment of capital gains. It is unlikely that the government has simply overlooked this important area or that the pressures to render capital gains more attractive have fully receded. Within the on-going debates regarding the levels, forms and complexity of taxation in Canada, CGA-Canada set out to investigate the prospect and correctness of further reducing or eliminating the taxation of capital gains. As the following pages reveal, it can reasonably be conceded that:

> ***Taxing capital gains represents one of the most complex tax issues faced by the policy-makers***. Lowering taxes on capital gains may trigger both positive and negative implications wherein an increase in investors' wealth accumulation motives must be balanced with a recognition that the eventual state can erode or alter the tax system's horizontal and vertical equity, and neutrality.
>
> ***Only a relatively small number of Canadians report capital gains*** and a smaller proportion of them effectively pay taxes on capital gains. However, those who do pay tax comprise of a diverse group of individuals having different social and economic characteristics.
>
> ***The lower taxation of capital gains introduced in 2000 may not have translated into the anticipated results***. The increased intensity and higher volume of realized capital gains was only short lived and no significant increase in holdings of capital assets by households was observed. The analysis of provincial differences in tax rates levied on capital gains also does not conclusively show that lower tax rates lead to a higher turnover of investments.

Taken together, these assertions lead us to wonder if a reduction in the taxation of capital gains is a timely pursuit within the current economy. Having some practical merit, disproportionate consideration may serve to divert attention and resources from the more elaborate goal of evolving a more efficient, broad-based tax regime that accentuates the low behavioural distortions of the economic agents, and one which strikes at overarching impartiality.

Introduction

Recent changes in tax systems across the globe have been marked by the common trends of reducing corporate and personal income tax rates, a broadening of the tax base, and an increase in the use of value-added taxation. In large part, these changes were driven by an increased openness of economies to trade, to invest, and to amplify international labour mobility. In turn, this behaviour has positioned domestic tax regimes, and their effective tax rates, as an important determinant of the country's ability to compete globally.

Canada's tax system has witnessed a number of improvements over the past years including a noticeable reduction of the general federal corporate income tax rate, a flatter personal income tax structure, a full indexation of the personal income tax system and diminishment of federal capital tax. However, Canada's tax system is still criticized for being unduly complex and weighing down Canada's potential for corporate and entrepreneurial investment, and households' incentives for savings and work.[1]

Not surprising then, that in 2006 the federal government identified "reducing taxes for all Canadians and establishing the lowest tax rate on new business investment in the G7" as Canada's Tax Advantage – one of the five key areas where Canada would seek to gain global competitive economic advantages.[2] The reduction of taxes on capital gains of individuals was an integral part of that strategy; however, the multi-billion federal tax measures introduced in 2006 and 2007 do not remedy any particular ails of taxing of capital gains. The question then may be asked: should constituents press the government to hold its pledge of reducing (or eliminating) tax on capital gains of individuals?

With the aim of casting some light on the question, this paper offers an overview of the complexity of taxing capital gains and considers the diversity of taxpayers affected by taxation of capital gains. Two queries are explored: (1) how the previous changes in capital gains taxation affected the level of realization of capital gains? And, (2) do provincial differences in tax rates transpire into differences in the intensity of realizing capital gains? The paper closes with some concluding thoughts intent to further highlight the issues associated with reducing taxation of capital gains.

1 See, for instance, Chen, D. and Mintz, J. (2003). *How Canada's Tax System Discourages Investment*, C.D. Howe Institute, Backgrounder No. 68; OECD (2008). *OECD Economic Survey: Canada*, Volume 2008/11; CGA-Canada (2007). *Paving the Way to Prosperity: It's Time for Real Tax Reform*, A Submission to the House of Commons Standing Committee on Finance.

2 Department of Finance Canada (2006). *Advantage Canada – Building a Strong Economy for Canadians*, p. 33.

What is so Special About Taxing Capital Gains?

Capital gains reflect positive changes in the value of capital assets over time. The Department of Finance Canada defines a capital gain as "an increase in the money value of a capital asset such as a share, bond, parcel of land, antique or other asset, which results in a profit if the asset is sold."[3] The most common situation giving rise to a capital gain occurs when the proceeds from the disposal of an asset exceeds the cost base at which the asset was acquired.

Although the term "capital gains tax" is routinely used by different stakeholders, the Canadian tax system does not have a distinct tax levied on capital gains of individuals. Rather, capital gains are considered as a component of total personal income, similar to that coming from employment, business activity, retirement pensions and government transfers. A distinctive element of capital gains though, is that only a portion of the experienced gain is included in total personal income.[4]

Economic studies advise that levying taxes on personal investment income (of which capital gains are part) exerts a strong influence on investment, capital stock and consumption.[5] However, the discussion of capital gains taxation is limited when only economic efficiency is considered. The complexity of capital gains is rooted in the balance policy-makers need to find between the positive and negative economic, societal and behaviour implications associated with taxing capital gains. Figure 1 provides a brief summary of these implications.

As might be expected, taxing the capital gains of individuals bears certain implications for the household sector, but it may also affect the business sector, the government and even some normative constructs established by society. However, a certain disproportion seems to exist in the way the positive and negative effects of taxing capital gains of individuals are distributed. The positive consequences are mainly centered around protecting budget revenues and contributing to horizontal and vertical equity,[6] and may be viewed as beneficial to the economy as a whole, whereas the negative effects such as lock-in effect, lower incentives for households to save, and distorted structure of firms assets are primarily borne by the household and business sectors.

It should be noted also that the taxation methodology of capital gains may lead to conflicting priorities and outcomes of public policy. For instance, a higher marginal tax rate on capital gains and other investment income tends to increase the likelihood of households' participation in the

3 Glossary, Department of Finance Canada, available at http://www.fin.gc.ca/gloss/gloss-c_e.html#capgain, accessed July 25, 2008.

4 The level at which capital gains are included in total income is known as inclusion rate.

5 Baylor, M. (2004). *Taxation and Economic Efficiency: Results from a Canadian CGE Model*, Department of Finance Canada, Working paper 2004-10.

6 The concept of horizontal equity implies that individuals in similar circumstances pay similar amounts of tax whereas vertical equity corroborates that higher-income individuals pay a proportionally higher share of their income in taxes than do lower-income individuals.

Figure 1 – Positive and Negative Aspects of Taxing Capital Gains

Positive aspects

Represents a source of budget revenues
Taxation of capital gains represents a source of budget revenues; albeit a relatively small one. In 2005-06, $3.5 billion or 0.8% of federal and provincial government revenues came from taxing capital gains.[7]

Protects government revenue
Taxation of capital gains prevents conversion of taxable income into tax-exempt capital gains. A low inclusion rate or a tax-free treatment of capital gains may create an incentive for taxpayers to convert their otherwise taxable income into tax-exempt capital gains to avoid taxation. A recent survey of the OECD countries showed that some 13 out of 20 surveyed countries (including Canada) identify protection of the tax base as a key objective of the broad-based taxation of capital gains.[8]

Contributes to horizontal and vertical equity
Taxation of capital gains fits well with principles of equalizing taxpayers with similar levels of income derived from different sources and assures that the effective tax rate paid on different levels of income is progressive.

Contributes to neutrality of the tax system
Taxation of capital gains prevents a preferential treatment of one form of capital (for instance, when capital gains are taxed significantly less than dividends) which may lead to a tax-driven misallocation of resources.

Negative aspects

Household sector

Creates a "lock-in" effect
Taxation of capital gains and deferring the taxation until the gains are realized encourages investors to hold assets with accumulated gains instead of realizing the gains and paying a tax. This is known as a "lock-in" effect which precludes investors from optimally diversifying their portfolios and may encourage individuals to hold assets having inferior financial performance.

Reduces households' incentives to save
Taxation of capital gains reduces the after-tax rate of return on investment and decreases investor incentive to trade current consumption in favour of saving. Moreover, taxing nominal capital gains raises the effective tax rate on real gains which, in some circumstances, may result in a tax on real economic losses. As such, taxing the inflation component of capital gains further disadvantages savers as compared to consumers.

Increases tax burden disproportionally
Capital gains often represent an accumulation of wealth over a number of years. The realization of capital gains may push investors (particularly low and middle income ones) to the next tax bracket increasing their otherwise typical effective tax rate.

Business sector

Distorts cost of capital
Differences in effective tax rates levied on capital gains compared to those of dividends and interest income may affect the relative cost of sources of corporate financing as investors facing a relatively high taxation of capital gains may want a higher rate of pre-tax return.

Affects firm's structure of assets
Differences in effective tax rates levied on capital gains and dividends may distort corporate distribution policy. A higher effective tax rate on capital gains may create a tax-driven incentive for companies to distribute profits rather than to reinvest.

7 Veldhuis, N. et al. (2007). *The Economic Costs of Capital Gains Taxes*. The Fraser Institute, Studies in Entrepreneurship and Markets, Number 4, p.11.

8 Organisation for Economic Co-operation and Development (OECD) (2006). *Taxation of Capital Gains of Individuals – Policy Considerations and Approaches*, OECD Tax Policy Studies No. 14, p. 8.

tax-deferred retirement savings plans.[9] This may be viewed favourably taking into account the decline in the number and coverage of employer-sponsored pension plans and the disproportionally slow growth rate of funds accumulated in Registered Retirement Savings Plans (RRSPs). However, such a policy choice may decrease households' incentives to build a financial cushion against adverse economic or personal developments, rising subsequently, households' exposure to negative shocks.[10]

Given the described complexities, it is not surprising that some experts suggest that capital gains taxation is the most problematic and controversial element of tax systems worldwide".[11] This may well be one of the reasons why international experience shows such a great diversity in the tax regimes insofar as the treatment of capital gains; with no clear common trend emerging so far.

Who Pays Taxes on Capital Gains?[12]

Capital gains have always been an important part of individuals' investment income which is shaped by three components – dividends, interest income and capital gains. This importance has been increasing over the past several years with capital gains representing 37.8% of investment income reported by individuals in 1999 income tax returns, with this proportion reaching 49.2% in 2005. However, unlike employment income which is the source of earnings for some 15.4 million Canadians (or 66.8% of all tax-filers), capital gains became part of the total income of only 2.3 million (or 9.6%) of individuals filing income tax returns in 2005.

As previously identified, capital gains of individuals are taxed through their inclusion into total income. However, individuals reporting capital gains do not always pay tax on those gains due to their overall income scenario. For an individual to bear the payable tax on capital gains, two events need take place in a given tax year. First, the individual should realize capital gains that exceed capital losses of the current and/or previous years. Second, the individual should have income tax payable in that year. Thus, we assume that individuals who report taxable capital gains in their income tax returns and whose returns are regarded by the Canada Revenue Agency as taxable are actually paying tax on capital gains. In 2005, approximately 2 million

9 Milligan, K. (2002). *Tax-preferred Savings Accounts and Marginal Tax Rates: Evidence on RRSP Participation*, Canadian Journal of Economics, Vol. 35, No. 3 (August).

10 For a more substantial discussion on household savings for retirement, see Section 4.2 of the recent CGA-Canada's report *Where Does the Money Go: The Increasing Reliance on Household Debt in Canada*. Available at www.cga.org/canada

11 Mintz, J. M. and Wilson, T. A. (2006). *Removing the Shackles – Deferring Capital Gains Taxes on Asset Rollovers*, C.D. Howe Institute, Backgrounder No. 94, p. 1.

12 Unless otherwise specified, statistics presented in this section is based on Income Statistics 2001-2007, Canada Revenue Agency, Tables 2 and 2A, available at: http://www.cra-arc.gc.ca/gncy/stts/fnl-eng.html. CGA-Canada computation.

individuals paid income tax on their capital gains representing 8.3% of those filing income tax returns for that year.

The capital gains tax is often perceived as a tax on the rich or wealthy. Indeed, expressed in dollar terms, the lion's share of capital gains is reported by individuals with high income. In 2005, some 68.4% of all capital gains were reported by individuals whose total annual income equalled or exceeded $100,000. Similarly, some 70.7% of capital gains on which tax was actually paid (based on the definition above) also belonged to high income individuals.

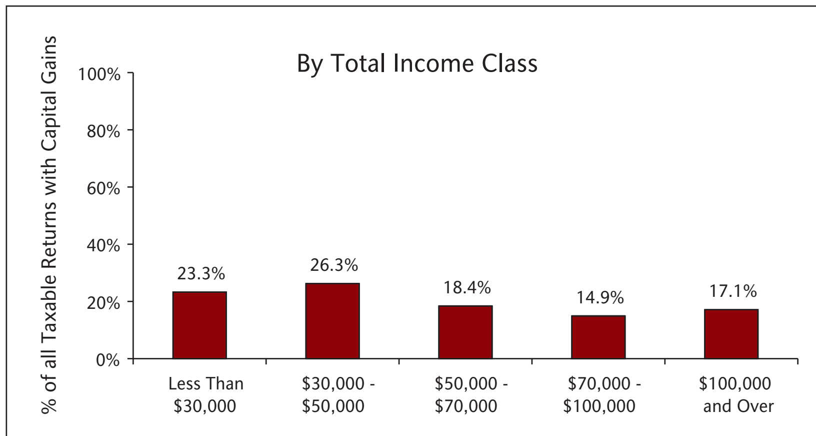
However, looking at *dollar value* of capital gains is just one of the ways of portraying those who pay tax on capital gains. When capital gains are examined in terms of *who* reports them, it becomes more obvious that taxation of capital gains affects Canadians having diverse social and economic characteristics.

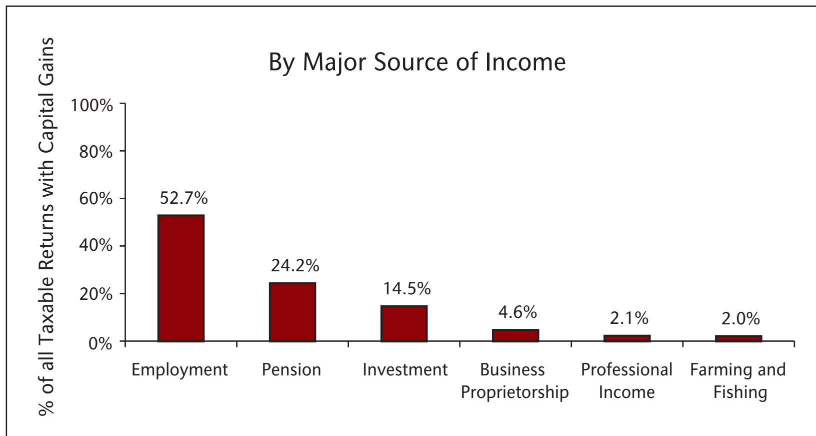
For instance, in 2005, nearly half (49.5%) of those paying tax on capital gains were individuals with total annual income of $50,000 or less, whereas high income individuals constituted only 17.1% of individuals paying tax on capital gains. Capital gains tax-filers were also diverse in terms of their source of income. Similar to the overall Canadian population, the majority (52.2%) of capital gains taxpayers received their 2005 income primarily from employment while those who relied on income from investment and business proprietorship constituted only 19.1% of taxpayers paying tax on capital gains (top and middle bar charts of Figure 2).

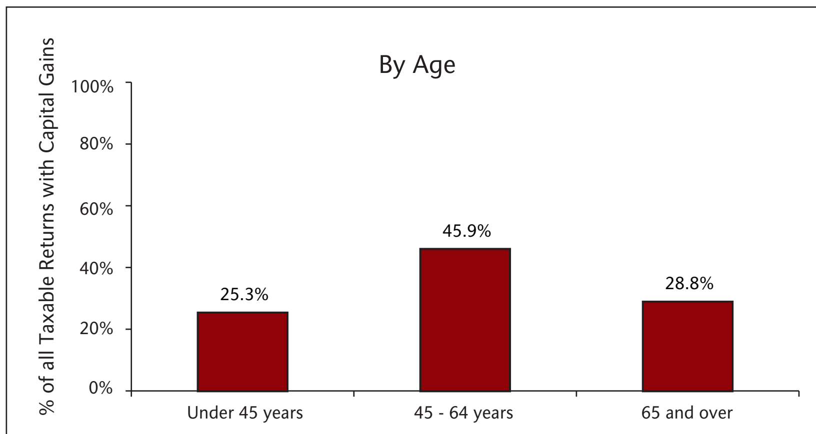
The age consideration is also interesting. Household's longevity is typically categorized by three distinct evolutionary phases: borrowing (less than 45 years of age), accumulation / saving (between 45 and 65 years of age) and retirement/dis-saving (65 years of age and over).[13] Following this logic, realization of capital gains may primarily be expected during the accumulation phase when individuals invest in and transfer funds between different types of assets. However, individuals that are in their borrowing and dis-saving phases constitute more than half (54.1%) of those who pay capital gains tax (bottom bar chart of Figure 2).

13 Chawla, R. K and Wannell, T. (2005). *Spenders and Savers,* Statistics Canada, Perspectives on Labour and Income, Vol. 6, no. 3, Catalogue no. 75-001-XIE.

Figure 2 – Taxpayers with Taxable Capital Gains, 2005







Source: Basic Table 2A, 3A, 4A, Income Statistics 2007, Canada Revenue Agency, CGA-Canada computation

What Happened After Lowering the Inclusion Rate in 2000?

Canada has more than a 35-year history of taxing capital gains since taxpayers were first required to include capital gains into their personal income in 1972. The initial inclusion rate stood at 50% which was then gradually increased to 75% during the late 1980s. After an intensive public policy debate that unfolded in 1998-1999, culminating recommendations were presented by the Standing Senate Committee on Banking, Trade and Commerce.[14] In response, the federal government included in Budget 2000 a number of measures that altered the treatment of capital gains. These measures included: (1) reducing the capital gains inclusion rate from three quarters to two-thirds, (2) allowing a tax-free rollover of capital gains on qualified investments from one small business to another, and (3) postponing the taxation of gains on qualifying stock.[15] As of October 18, 2000, the inclusion rate was further reduced to 50%.

Experts suggest that the absence of capital gains taxes would reduce investor's disincentives to adjust their investment portfolio and lead to a higher turnover of investment.[16] One may then assume that the lower inclusion rate of capital gains would lead to a higher proportion of individuals reporting capital gains and/or increasing dollar value of those gains. In the case of Budget 2000 tax measures, this logic may further be amplified by the overall public policy context present at that time. The introduction of the tax measures was preceded by an extensive debate and a noticeable improvement in the federal government fiscal situation. This may have created additional incentive for investors to hold asset sale in the late 1990s but to unleash it in (or after) 2000, once the largely anticipated favourable tax measures were introduced.

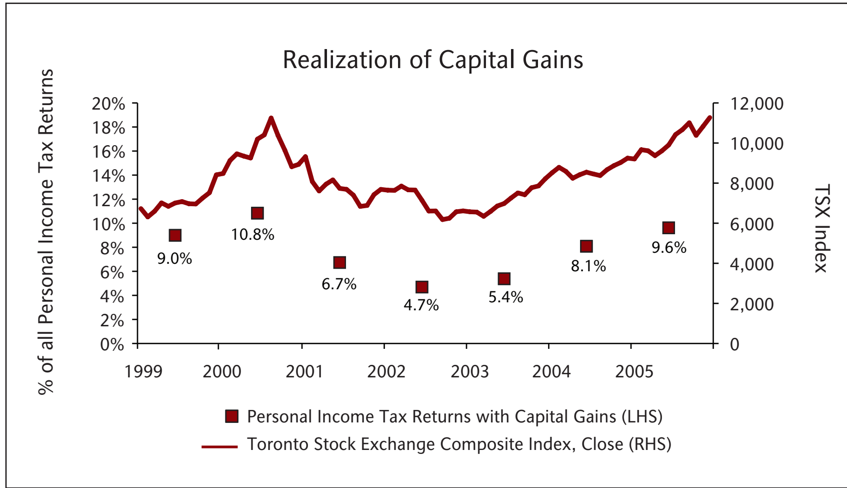
Tax-filer statistics indeed show that the proportion of individuals reporting capital gains in 2000 was higher than that of 1999. Some 10.8% of those filing personal income tax returns in 2000 reported capital gains compared to 9.6% in 1999. However, the number of individuals reporting capital gains went down sharply in 2001 and 2002 even despite the lower inclusion rate for the capital gains and the reduction of the personal income tax rates introduced in 2001. A similar trend was observed in the dollar value of realized capital gains measured as a proportion of the gross domestic product (GDP) (Figure 3).

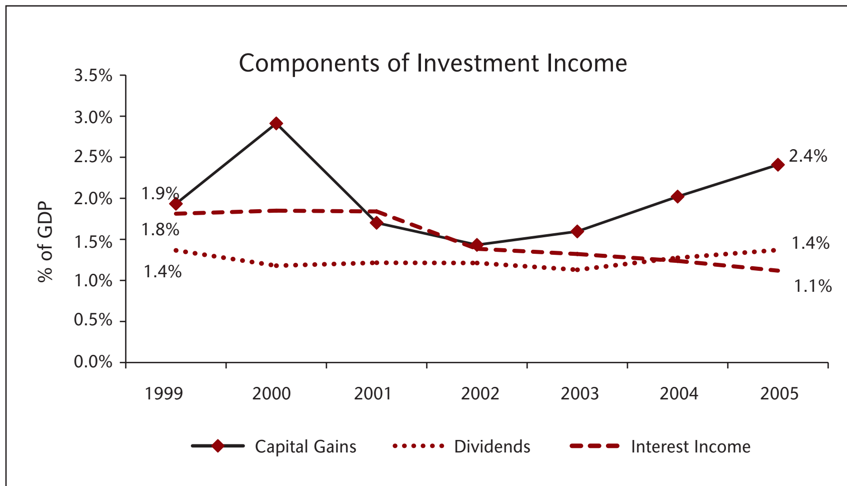
14 Canada, Standing Senate Committee on Banking, Trade and Commerce, *The Taxation of Capital Gains*, Fifth report to the Senate, 36th Parl., 2d sess., May 3, 2000.

15 Department of Finance Canada (2000). *The Budget Plan*, p. 14.

16 See, for instance, Grubel, H.G. (2000). *Unlocking Canadian Capital: The Case for Capital Gains Tax Reform*, The Fraser Institute, p. 47.

Figure 3 – Realization of Capital Gains





Source: Top chart: CANSIM Table 176-0047; Basic Table 2, Income Statistics 2001-2007, Canada Revenue Agency. Bottom chart: Basic Table 2, Income Statistics 2001-2007, Canada Revenue Agency. CGA Canada computation.

Note: In the bottom chart, amounts of capital gains and dividends reported by the Canada Revenue Agency (Basic Table 2) are adjusted in order to account for inclusion rate of capital gains and a gross-up of dividends.

The reason for that may lie in the general economic instability and the turmoil on financial markets created by the collapse of the high-tech bubble in the early 2000s. Not surprising then, that the intensity of realizing capital gains has been coinciding with ups and downs of the Canadian financial market rather than with the incentives created by the federal tax policy. As seen from the top chart of Figure 3, willingness of individuals to realize their capital gains followed closely the developments of the Toronto Stock Exchange composite index.

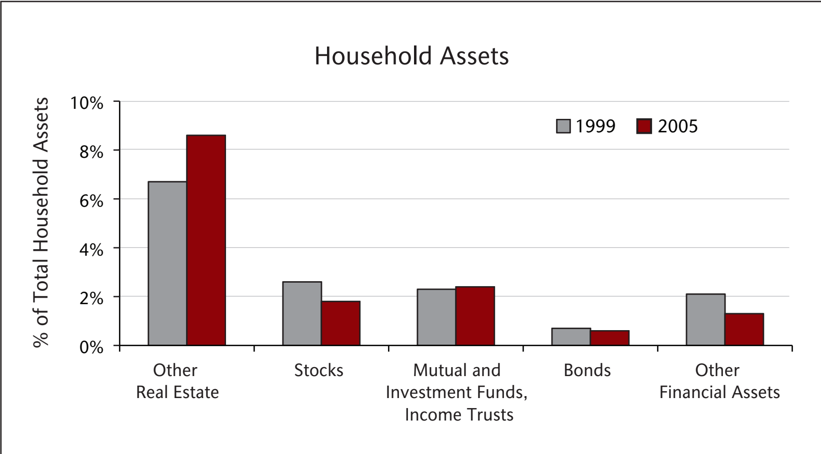
For fairness sake, it should be mentioned that the growth in the volume of capital gains realization observed after 2002 was much stronger compared to that of dividends or to the declining trend in interest income (bottom chart of Figure 3). However, it is difficult to say whether these differences were caused by the lower inclusion rate of capital gains or by other market conditions such as the general downward trend in interest rates and the overall strong performance on the financial markets.

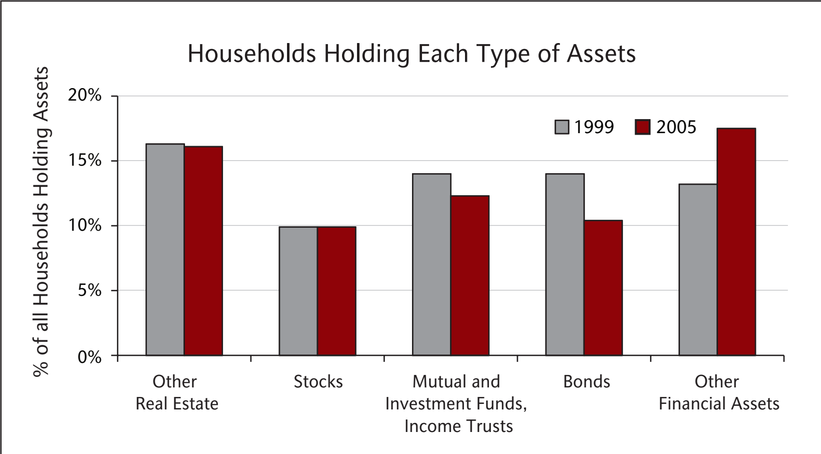
The composition of households' assets is another element which may be affected by changes in the capital gains inclusion rate. One may expect that the lower inclusion rate of capital gains may prompt households to change their behaviours in two ways. First, individuals already holding assets associated with capital gains (e.g. stocks, bonds, mutual and investment funds, income trusts, real estate other than the principal residence, etc.) may be encouraged to extend holdings of these assets. Second, individuals that do not own such assets may be motivated to purchase them. In this way, a lower inclusion rate may be expected to transpire into an increased share of capital gain assets in the overall balance sheet of the household sector, and/or an increased proportion of households holding these types of assets.

The *Survey of Financial Security* administered by the Statistics Canada seems to be a reasonable data source for analysing the changes in the household sector balance sheet. The survey was first conducted in 1999 – one year prior to lowering the inclusion rate of capital gains, whereas the second wave of data collection was performed in 2005 when the negative implications of the instability on financial markets observed in the early 2000s had largely faded out.

As seen from the top bar chart of Figure 4, the positive changes in the tax regime of capital gains did not bring the anticipated changes to the structure of the household balance sheet. Contrary, the share of capital gains assets in total household assets either decreased or remained the same in 2005 as compared to 1999. The only exception to that finding was *other real estate* assets. Their share in the total household balance sheet increased noticeably between 1999 and 2005; however, a very strong growth of the real estate market taking place in the early 2000s may be a more suitable explanation for this surge.

Figure 4 – Household Sector Balance Sheet – Selected Assets





Source: Statistics Canada, Survey of Financial Security (SFS), available at http://www40.statcan.ca/l01/ind01/l3_3868_1989.htm?hili_none

Similarly, the lower inclusion rate did not transpire into larger share of households holding assets associated with capital gains. In turn, the proportion of households holding capital gains assets decreased between 1999 and 2005 (bottom bar chart of Figure 4). This was the case even for the highest net worth quintile which is expected to rely more heavily on the investment income and thus may be expected to be more actively involved in holding assets associated with capital gains. Although *other financial assets* were an exception to the overall trend, the increase in the proportion of households holding these assets was not accompanied by an increasing share of these assets in the household balance sheet. As such, this probably was caused by the rapid growth in the number of financial instruments available in the investment market rather than changes in the capital gains tax treatment.

It should be mentioned that the described statistics reflects the situation in only two years (1999 and 2005) and does not allow observation of annual changes to the structure of household assets throughout the timeline. This limits our ability to judge whether any noticeable change in household assets took place shortly after the reduction of the inclusion rate. However, if that was the case, these changes did not transpire into longer-run incentives for households to invest into assets associated with capital gains.

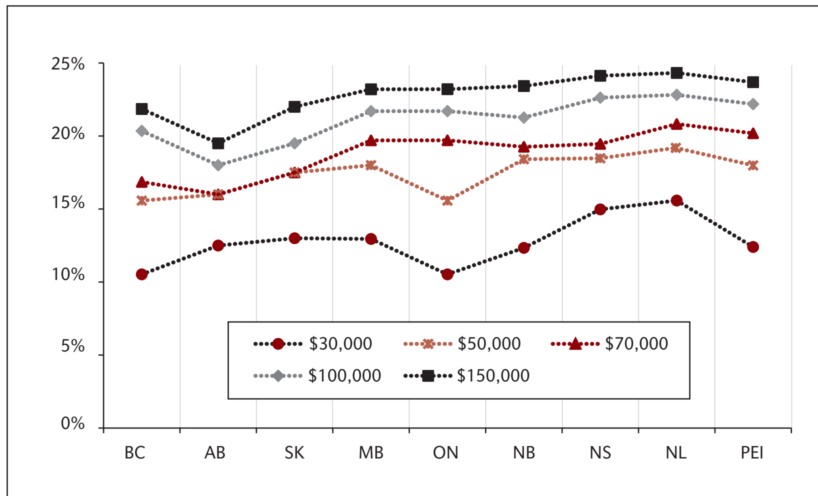
Do Differences in the Tax Rate Matter?

Although the inclusion rate is an important component of the tax regime imposed on capital gains, there are a number of other factors that are central in determining the level of tax paid on capital gains. Among those are differences in the provincial personal income tax rates, the level of individual's total personal income, and the family characteristics of that individual. As a result, individuals with similar income and family scenario, but residing in different provinces, have different tax rates applied to their capital gains. For instance, in 2005, lower and mid-income single individuals with no dependents residing in Ontario and British Columbia paid the lowest in Canada marginal effective tax rate[17] on their capital gains. However, for high income single individuals, Alberta offered a far more favourable tax rates compared to other provinces (Figure 5).[18]

17 Marginal effective tax rate is the percentage of an additional dollar of income that has to be paid in taxes.

18 For the purpose of this paper, the provincial comparison includes provinces that use the same method of calculating tax on personal income as does the federal tax system.

Figure 5 – Marginal Effective Tax Rates on Capital Gains (Single Individuals with No Dependants), 2005

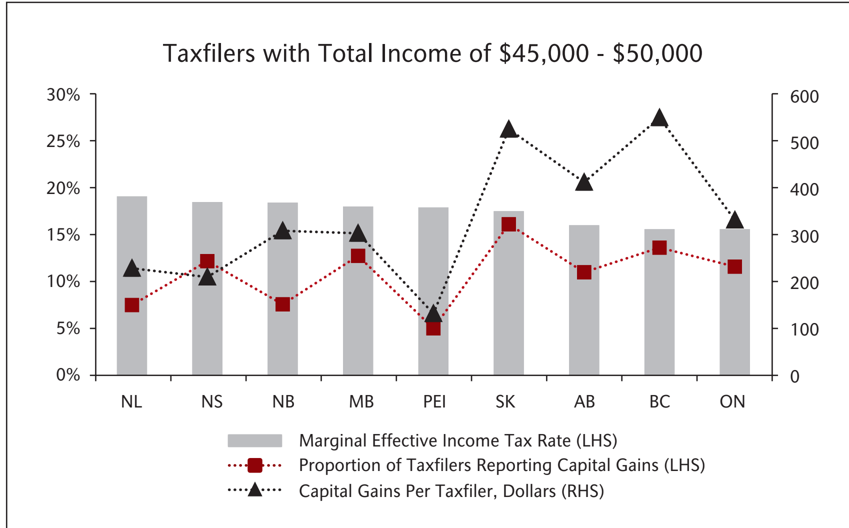


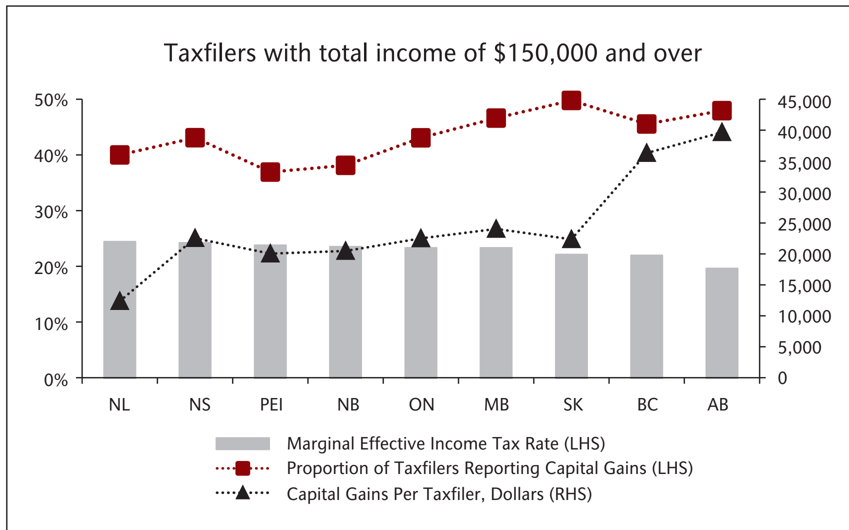
Source: 2005 General Income Tax and Benefit package (available at http://www.cra-arc.gc.ca/formspubs/prioryear/t1/2005/menu-e.html), CGA-Canada computation.

The described discrepancies in the marginal effective tax rates on capital gains create an opportunity to see whether the lower taxation of capital gains prompts investors to realize their capital gains more often. One may assume that provinces with a lower marginal effective tax rate on capital gains would enjoy (in relative terms) a higher number of incidences and/or higher dollar value of capital gains realization. To verify this assumption, we contrasted the tax rates levied on a single individual in different provinces in 2005 with the provincial levels of capital gains realization in that year. To assure the inclusion of different income groups into consideration, five income levels were considered: $30,000 for lower-middle income investors, $50,000 and $70,000 for upper-middle income investors, and $100,000 and $150,000 for high income investors.

The results of the analysis suggest that lower-middle and upper-middle income investors, which also form the majority of those paying tax on capital gain, do not reveal a relationship between the tax rate and the intensity of realizing capital gains. For the high income investors, the relationship is easier to track, however it does not allow for a solid conclusion. Figure 6 provides a snapshot of this analysis.

Figure 6 – Marginal Effective Tax Rate and Capital Gains Realization, 2005





Source: 2005 General Income Tax and Benefit package (available at http://www.cra-arc.gc.ca/formspubs/prioryear/t1/2005/menu-e.html); Basic Table 2, Income Statistics 2001-2007, Canada Revenue Agency; CGA-Canada computation

Summing up the discussion, several points seem to be of particular importance. Firstly, the existing body of knowledge suggests that lowering tax on capital gains may somewhat erode government revenues and distort the existing status quo of horizontal and vertical equity. However, it may also reduce investors' lock-in effect and increase households' incentives to save which would definitely be seen as positive changes. Secondly, only a small proportion of tax-filers report capital gains and the proportion of those who actually pay tax on them are yet smaller. However, those who pay the tax form a diverse group composed from individuals of different ages, income levels and work status. Thirdly, a noticeable reduction of the inclusion rate on capital gains introduced in 2000 did not transpire into increased intensity or volume of realized capital gains. Similarly, these changes did not prompt households to increase their holdings of assets associated with capital gains. And finally, the provinces with lower effective tax rates on capital gains do not seem to enjoy a higher turnover of investments compared to provinces that tax capital gains at a higher rate.

Closing Comments

The analysis presented in this paper may lead to two rather opposing conclusions. The first line of thinking would advocate for eliminating (or at least reducing) the tax on capital gains. This would be based on the fact that taxing capital gains contributes very little to the government revenues and affects only small proportion of the Canadian population, whereas those taxpayers who comprise the lions' share of the dollar value of realized capital gains could benefit greatly from this type of tax relief.

The second line of thinking would argue that the favourable changes to capital gains taxation introduced several years ago did not trigger positive changes which could logically be anticipated (e.g. higher turnover of investments and increased holdings of capital gains assets). As such, a further reduction in the capital gains taxation may create an *impression* that some lucrative tax measures have been introduced without contributing significantly to a lower tax burden on the broad spectrum of Canadians or in the improvement of living standards.

Lowering or eliminating the tax on capital gains may be a tempting undertaking for a government facing electorate pressure. It may also be a tempting course of action for interest groups and public policy stakeholders as such pressure may easily be supported by the simple fact that 'the government has promised'. Achieving this goal may create a sense of accomplishment and entrepreneurial encouragement however our focus might better be directed to the creation of an overall smarter tax system. A system which would raise funds sufficient to facilitate the current

and upcoming fiscal pressures, but also a system that would rely less on distortive income taxes and more on consumption taxes that are known for their high economic efficiency.[19]

The other *not so surprising* revelation is that capital gains tax policy does not, in and of itself, manifest into sought or expected behaviour. While beyond the scope of this brief, we must confess that at least anecdotally, market confidence or lack therein will play a significant role in the investment penchant of individuals. Typically, individuals have a propensity to be risk adverse and at time of writing, consumer prospect may be abnormally modest. But more on this at a later time perhaps.

19 For more details, see CGA-Canada's recent report *Issue in Focus – Is Cutting GST the Best Approach?* Available at: www.cga.org/canada

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