

The Potential Impacts of Sales Tax Harmonization on the Residential Renovation Sector in Canada

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EXECUTIVE SUMMARY

The Canadian Home Builders' Association (CHBA) approached Altus Group Economic Consulting to provide an opinion on the potential impacts of sales tax harmonization on Canada's residential renovation sector.

The residential renovation sector accounts for some \$53 billion in investment activity in Canada. With recently announced proposals for sales tax harmonization in Ontario and British Columbia (collectively accounting for more than half the sector) and some likelihood that Manitoba and Saskatchewan could follow, this discussion comes at a critical time for this important sector.

Tax harmonization has a number of effects on the renovation sector, especially the important contractor renovation segment, which accounts for about 2/3 of all renovation investment:

- It will increase the annual tax burden on homeowners and rental housing investors in Ontario and B.C. combined by close to \$1 billion annually;
- It negates substantial on-going efforts by governments to promote housing affordability and choice;
- It shifts more activity into the "underground economy" with implications on government tax revenue, renovation quality and homeowner liability; and
- It stands to negate on-going programs by governments to promote economic development and environmental objectives through targeted homeowners renovation assistance.

The most effective and efficient way to ensure revenue neutrality is simply to reduce the rate of the HST applied to contractor renovations. Provinces proposing harmonization, such as Ontario and British Columbia, can calculate a fair and revenue-neutral tax rate on legitimate contractor renovations and then apply that tax to all legitimate contractor renovations.

For Ontario, the tax value for residential renovation contracts should be 2.6% for the provincial component of the proposed HST. This rate equals the current effective tax rate in the province so as to keep provincial taxation of this important component of residential renovation revenue neutral, and to avoid diverting more renovation activity into the underground economy.

Correspondingly, the tax rate for the provincial component of the proposed HST in British Columbia should be 2.3%.

Sales tax is primarily considered a “consumption tax”. Most renovations such as kitchen cabinet upgrades and plumbing replacements last many years, and can add substantial value to the home. Residential renovations are, in large part, a capital investment in housing, and thus should not be subject to a consumption tax.

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INTRODUCTION

The Canadian Home Builders' Association (CHBA) approached Altus Group Economic Consulting to provide an opinion on the potential impacts of sales tax harmonization on Canada's residential renovation sector.

The residential renovation sector accounts for some \$53 billion in investment activity in Canada. With recently announced proposals for sales tax harmonization in Ontario and British Columbia (collectively accounting for more than half the sector) and some likelihood that Manitoba and Saskatchewan could follow, this discussion comes at a critical time for this important sector.

According to the Canada Revenue Agency, a Harmonized Sales Tax (HST) is composed of the federal Goods and Services Tax (GST) and the provincial sales tax, and applies generally to the same base of goods and services that are taxable under GST. A HST follows the same general rules as GST.

Provinces with a HST include New Brunswick, Nova Scotia and Newfoundland and Labrador. In addition to these three, the Provinces of Quebec and Prince Edward Island also have provincial sales taxes that are levied on both goods and services; approximately the same base as the GST.

In the 2009 Ontario Budget, the Government of Ontario introduced several tax reform measures including sales tax reform. The budget proposes to move Ontario's sales tax to a value added tax and harmonize it with the federal GST. The new harmonized tax would be known as the Single Sales Tax (SST). Following Ontario's lead, the Government of British Columbia also announced a proposed HST on July 23, 2009.

In both cases, the new harmonized taxes are proposed to replace existing provincial sales taxes, which are generally applied to the final price of goods, but not to services.

While these proposed tax reform measures are said to be "revenue neutral" (i.e., raise generally the same amount of provincial tax as their predecessors), they are unequivocally not revenue neutral in the important area of housing investment. The proposed Ontario SST of some 13% (8% provincial and 5% federal), and the proposed B.C. HST of some 12% (7% provincial and 5% federal), would apply to the final price all new homes and renovations. At present, only the federal GST is charged to purchases of new homes and

renovations (with partial rebates in certain circumstances). There is a provincial retail sales tax (RST) component for both. RST is charged on the building materials used in new home construction and renovation, and thus are imbedded in the final price. However, the labour cost component of the home renovation is not taxed under the current RST in Ontario and British Columbia.

In terms of taxes on new home sales, the net new provincial taxes imposed over and above this embedded RST component (and net of proposed rebates) could be some \$375 million in Ontario and \$165 million in B.C. annually. As significant as this sort of tax hike on new home buyers will be, the impacts on the residential renovation sector are even greater.

This report examines the potential impacts of tax harmonization on the home renovation sector in both Ontario and British Columbia. It calculates a fair and revenue-neutral tax rate that can be applied to legitimate contractor renovations.

GOVERNMENT POLICIES GENERALLY PROMOTE HOMEOWNERSHIP AND AFFORDABILITY

Federal and provincial government policies are strongly focused on the promotion of homeownership and affordability. Tax harmonization, which increases taxation on housing investment considerably, has the potential to significantly undermine these policies and important objectives.

- **Canada Mortgage and Housing Corporation:** Established in 1946 as a Crown Corporation, CMHC has grown into the “premier provider of mortgage loan insurance, mortgage-backed securities, housing policy and programs, and housing research”. CMHC’s purpose with respect to housing finance is to promote housing affordability and choice, to facilitate access to finance sources and to encourage competition and efficiency;ⁱ
- **The Home Buyers' Plan (HBP):** The program allows first-time homebuyers to withdraw up to \$25,000 from their registered retirement savings plan (RRSPs) without tax penalties to buy or build a qualifying home;ⁱⁱ
- **First-Time Home Buyers' Tax Credit (HBTC):** The 2009 federal budget introduced a non-refundable tax credit for first-time home

buyers, based on an amount of \$5,000, for certain home buyers that acquire a qualifying home after January 27, 2009;ⁱⁱⁱ and

- The federal government addressed its homeownership and affordability mandates in the National Housing Act directly during the recent financial crisis by introducing certain mortgage financing programs such as the Canada Mortgage Bond program and the accelerated mortgage-backed securities purchases through the Insured Mortgage Purchase Program.

The purpose of such programs is to increase homeownership, by supporting housing affordability for all Canadians. The Provinces also have housing policies that promote homeownership and housing affordability. For example:

- The **Ontario** Ministry of Municipal Affairs and Housing has a mandate to:

“strengthen Ontario communities by promoting a housing market that serves the full range of housing needs, protects tenants, and encourages private sector building. The ministry also provides opportunities for supportive programs for low-income tenants and housing for special-needs tenants, and supports the creation of affordable housing”^{iv};
- The **British Columbia** Ministry of Housing and Social Development promotes affordable housing to low-income families, seniors, homeless people and people at disadvantage through various policies and programs. It also administers the Office of Housing and Construction Standards. The provincial government promotes housing affordability for low-income families through BC Housing, a provincial crown agency.

Generally, governments in Canada are committed to the promotion of homeownership and housing affordability, and support housing market functionality and balanced growth. Tax harmonization as proposed will increase the overall tax burden associated with all forms of housing, reducing affordability. Although partial rebates of GST and HST for new and rental dwellings mitigate some of these concerns, there is insufficient attention paid to the particularly onerous effects of tax harmonization when it comes to residential renovation. Housing investment through the renovation sector

plays a significant role in providing and maintaining a high quality of housing for Canadians.

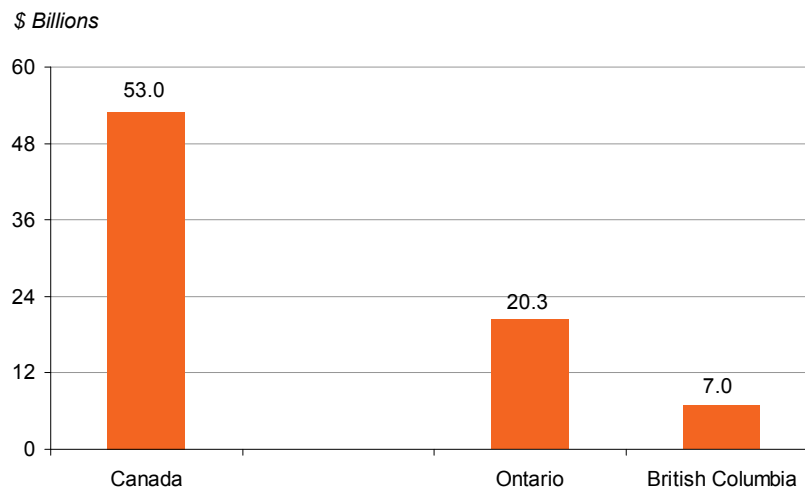
THE RENOVATION SECTOR IS A SIGNIFICANT CONTRIBUTOR TO CANADA'S ECONOMY

In 2008, total household investment in home repairs and renovations reached just over \$53 billion in Canada (Figure 1 & Figure 2):

- Of the \$53 billion, approximately \$33 billion is spent through contractor renovations (i.e. repairs and renovations are done through a contractor). The remaining \$20 billion is accounted for by the “do-it-yourself” (DIY) sector (i.e. repairs and renovations done by homeowners themselves with materials purchased, generally, from retail stores);

Figure 1

Annual Investment in Residential Repair and Renovation, Canada, Ontario and British Columbia*



* Based on total spending in 2008

Source: Altus Group Economic Consulting based on data from Statistics Canada

- Investment in residential renovation through contractors can be further divided into the labour/overhead component and the materials component. On average, the labour/overhead component accounts for about two-thirds of total repair and renovation investment through renovation contractors, according to Statistics Canada. The cost of materials accounts for the rest;

- Ontarians spent over \$20 billion on home repair and renovation in 2008, representing some 38% of total residential renovation spending in Canada. Of the \$20 billion, some \$14 billion is spent on contractor renovations, accounting for 69% of total residential renovation investment in the province. The remaining residential renovation investment is accounted for by DIY spending;
- Residents of British Columbia spent just under \$7 billion on home repair and renovation in 2008, representing some 13% of total residential renovation investment in Canada. Of the \$7 billion, some \$4.5 billion was through contractors, accounting for 64% of total residential renovation investment in the province. This ratio is lower than in Ontario, as homeowners in British Columbia are slightly more likely to undertake renovations by themselves than Ontarians;

Figure 2

Investment in Residential Repair and Renovation by Province, Canada, 2008

| Province | Total | Contracts | | Do-It-Yourself |
|----------|--------------|-----------------|--------------|----------------|
| | | Labour | Material | |
| | | <i>Millions</i> | | |
| NFLD | 905 | 226 | 110 | 569 |
| PEI | 184 | 79 | 38 | 67 |
| NS | 1,567 | 568 | 278 | 722 |
| NB | 1,235 | 488 | 238 | 510 |
| QC | 13,570 | 5,422 | 2,650 | 5,498 |
| ON | 20,340 | 9,465 | 4,626 | 6,250 |
| MB | 1,685 | 700 | 342 | 642 |
| SK | 1,440 | 551 | 269 | 620 |
| AB | 5,140 | 1,897 | 927 | 2,316 |
| BC | <u>6,960</u> | <u>3,035</u> | <u>1,483</u> | <u>2,442</u> |
| Total | 53,028 | 22,429 | 10,962 | 19,636 |

Source: Altus Group Economic Consulting based on data from Statistics Canada

- Current provincial sales taxes in Ontario and British Columbia apply only to goods and certain services. Home repair and renovation services are not considered taxable services for the purposes of provincial sales tax in either province;
- Contractors pay provincial sales taxes on building materials used to renovate their clients' homes, which are passed on to their clients in the final price of the contract. Although these passed-on sales taxes are generally not itemized, based on the proportions of materials in contracts, **provincial sales taxes ultimately account for some 2.6% and 2.3% of the final contract price for homeowners in Ontario and B.C. respectively;** and

- The HST proposals in the two provinces will eventually increase the effective tax rate on contractor renovations to 8% and 7% respectively on virtually all contractor renovations.

THE UNDERGROUND ECONOMY IS AN ONGOING PROBLEM

A large share of housing investment through contractors in Canada is thought to be conducted outside the purview of the market economy and tax collectors. It is common for contractors who operate in this “underground economy” to provide a lower quote for work where the payment is made in cash. These cash transactions are not reported to tax authorities for the purpose of either calculating income taxes or for the collection and remittance of sales taxes. Contractors operating in the underground economy may also avoid other regulatory costs such as workers compensation, insurance premiums, building permit fees, etc.

The size of the underground economy for repair and renovation construction is already considerable across Canada. For example:

- A 2004 paper estimates the underground activity is equivalent to upwards of 26% (21% of new home construction and 36% of residential renovations) of total output for the construction sector in Nova Scotia, worth over \$350 million^v. Nova Scotia introduced tax harmonization in the late 1990s, exacerbating an existing “underground economy” problem; and
- A recent study estimates that the underground employment in the Ontario construction sector is approximately 22% of total construction employment during the 2003-2005 period^{vi}. For the residential construction subsector, this ratio is even higher, about 29%.

There are myriad problems with an underground economy, including:

- **Causing loss of GST revenues:** The federal government lost an estimated \$225 million to \$298 million annually in GST revenues because of the underground economy for repair and renovation construction in the province of Ontario during the 2003-2005 period^{viii}.
- **Causing loss of income tax revenues:** The underground economy in Ontario accounts for a loss of upward to \$1.6 billion annually to the federal and provincial governments in lost income tax revenue

related to contractors and their workers in the overall construction sector^{ix};

- **Creating barriers for the industry’s future development:** Business margins are forced down by competition from underground activities. This “unlevel playing field” provides legitimate construction companies with less capacity and willingness to invest in employee training and new technologies^x; and
- **Introducing risks to consumers:** A “cash deal” between a renovator and a homeowner is generally not governed by a written contract. This type of business arrangement involves significant risks for consumers, including:
 - There may end up being disputes between the renovator and the homeowner with respect to the agreed upon work;
 - If there is damage to the house during the renovation, or personal injury occurs, it may not be covered by an insurance policy; and
 - In the event of a workplace injury, the homeowner could be held responsible for medical and rehabilitation costs.

A 1998 study on the underground economic in Ontario’s construction industry identified the introduction of the federal GST on January 1, 1991 as a principal driver of a significant increase in underground activity in construction in Ontario during the 1990s – the underground economy for the construction sector in the province increased by 50% to 100% between 1990 and 1998^{xi}.

The addition of a provincial tax of 8% on contractor renovations in Ontario and 7% in B.C. would most certainly drive more activity underground with consequent tax revenue losses to both levels of government.

REBATE ELIGIBILITY FOR SUBSTANTIAL RENOVATIONS PROVIDES LITTLE RELIEF

Generally, contractor renovations in Canada are subject to GST with no eligibility for rebates. An exception is renovation activity which is considered substantial. “Substantial renovations” is defined as:

“the renovation or alteration of a building to such an extent that all or substantially all of the building that existed immediately before the

renovation or alteration was begun, other than the foundation, external walls, interior supporting walls, floors, roof and staircases, has been removed or replaced where, after completion of the renovation or alteration, the building is, or forms part of, a residential complex” (Subsection 123(1) of the Excise Tax Act)

The owner of a residential complex that has been substantially renovated is eligible for the GST/HST New Housing Rebate program as though it were a newly constructed residential complex^{xii}.

The Quebec government provides a rebate of the QST on the same basis. Harmonization schemes in Ontario and B.C. may be proposing similar treatment for substantial renovations, but this is unlikely to amount to much of a relief for the vast majority of homeowners undertaking repair and renovation investment.

The Canada Revenue Agency interprets the requirement of “all or substantially all” in the definition as meaning 90% or more. Accordingly, in order to be eligible for the GST rebate, “at least 90% of the building that existed before the renovation began must be renovated to some minimum degree”^{xiii}.

This type of renovation work is extremely rare and only accounts for a marginal part of the renovation sector in Canada. The GST rebate is for newly constructed dwellings, and the amount of renovation activity that amounts to “substantial renovations” is a very small fraction of the renovation sector.

TAX HARMONIZATION SIGNIFICANTLY INCREASES THE TAX BURDEN ON HOMEOWNERS AND RENTAL HOUSING INVESTORS

Figure 3 shows the potential sales tax revenues from the proposed HST in Ontario and British Columbia, based on the total household renovation spending in 2008.

Figure 3

| | Potential Provincial Government Revenues¹ Under the Proposed HST in Ontario and British Columbia | | | |
|----------------------------------|--|-----------|----------|----------------|
| | Total | Contracts | | Do-It-Yourself |
| | | Labour | Material | |
| Renovation Spending (\$Millions) | | | | |
| ON | 20,340 | 9,465 | 4,626 | 6,250 |
| BC | 6,960 | 3,035 | 1,483 | 2,442 |
| Provincial Sales Tax (%) | | | | |
| ON | 8.0 | 8.0 | 8.0 | 8.0 |
| BC | 7.0 | 7.0 | 7.0 | 7.0 |
| Provincial Sales Tax (\$) | | | | |
| ON | 1,627 | 757 | 370 | 500 |
| BC | 487 | 212 | 104 | 171 |

¹ Based on the data of Household Spending on Home Repair and Renovation in 2008
Source: Altus Group Economic Consulting based on data from Statistics Canada

ONTARIO

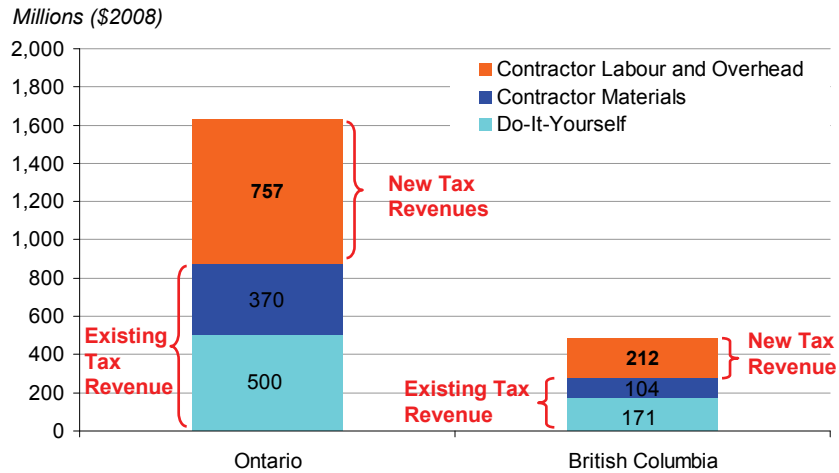
In Ontario, for example, the 8.0% provincial sales tax will be newly applied to the contractor's labour and overhead costs, which was approximately \$9.5 billion in 2008. This will increase the tax burden on homeowners and rental housing investors by some \$757 million (Figure 4). The provincial portion of the sales tax on the total value of contractor renovations will rise from the existing \$370 million to \$1.1 billion – a three-fold increase.

In terms of tax rates, the proposed HST will have the following rate implications for renovations:

- For homeowners doing their own work, an 8% tax rate – no change; and
- For contractor renovations – a rise from the existing effective PST tax rate of about 2.6% to 8% on the total value of contractor renovations.

Figure 4

Potential Provincial Government Revenues¹ Under the Proposed HST in Ontario and British Columbia



¹ Based on the data of Household Spending on Home Repair and Renovation in 2008
 Source: Altus Group Economic Consulting based on data from Statistics Canada

BRITISH COLUMBIA

In British Columbia, the 7.0% of the provincial sales tax will be newly applied to the contractor’s labour and overhead costs, which was approximately \$3.0 billion in 2008. This will increase the tax burden on homeowners and rental housing investors by some \$212 million (Figure 4). The aggregate taxes levied on contractor renovations will rise from the existing \$104 million to \$316 million – a three-fold increase.

In terms of tax rates, the proposed HST will have the following rate implications for renovations:

- For homeowners doing their own work, a 7% tax rate – no change; and
- For contractor renovations – a rise from the existing effective PST tax rate of about 2.3% to 7% on the total value of contractor renovations.

RENOVATION REBATE PROGRAMS FROM DIFFERENT LEVELS OF GOVERNMENT

The residential renovation sector contributes strongly to the community by providing jobs and economic development, contributing to the value of the

capital stock, and by improving the energy efficiency of the existing housing stock. In recognition of these important benefits, governments in Canada generally try to promote residential renovations through a number of targeted programs. There is a risk that increasing the provincial tax burden on residential renovations will act to offset any stimulus effects from these programs.

The federal government has several rebate programs to promote home renovation and energy efficiency improvements, including:

- **Home Renovation Tax Credit (HRTC):** In its January, 2009 budget, the federal government introduced a single-year tax credit for qualifying homeowner renovation investment. The federal government estimated that Canada-wide this credit would amount to some \$500 million in 2008-09 and \$2.5 billion in 2009-10. On a pro-rata basis^{xiv}, Ontario's share of this credit would be some \$190 million in 2008-09 and approximately \$950 million in 2009-10. Similarly, British Columbia's share of this credit would be some \$66 million in 2008-09 and \$327 million in 2009-10. This is just a temporary program;
- **ecoENERGY Retrofit – Homes:** As part of the Government of Canada's Economic Action Plan, the program has been expanded to include \$300 million in funding over the next two years. On a pro-rata basis, Ontario's share of this credit would be some \$114 million over the next two years and British Columbia's share would be approximately \$40 million. It is also a time-limited program;
- **CMHC Energy-efficient Premium Refund:** To encourage energy conservation, a 10% CMHC mortgage loan insurance premium refund and extended amortization period without surcharge is available when homebuyers/homeowners use CMHC insured financing to purchase an energy-efficient home or make energy-saving renovations^{xv}. Even though this is not a direct rebate program, it indirectly promotes home renovations through the 10% deduction in the mortgage loan insurance premium. This is an on-going program; and
- **CMHC Homeowner Residential Rehabilitation Assistance Program (Homeowner RRAP):** The program offers financial assistance to low-income homeowners for mandatory home repairs that will preserve

the quality of affordable housing. The program helps people who live in substandard dwellings and cannot afford to pay for necessary repairs to their home.^{xvi} Depending on the cost of the mandatory repairs and the location of the home, the maximum loan per unit ranges from \$16k to \$24k. In September 2008, the program was extended for two years, until March 2011. There is a high likelihood the program will be renewed again as it has been in the past.

The Government of Ontario promotes home renovation and energy efficiency upgrades through targeted incentive programs, including:

- **Home Energy Retrofit Program:** This program awards homeowners with rebates of up to \$5,000 for home energy improvements, matching up to \$5,000 available from the federal ecoENERGY Retrofit program - for a total of up to \$10,000. It is a time-limited program, which ends in March 2011; and
- **Cool Saving Rebate Program:** Offered through the Ontario Power Authority, the program is available to homeowners who are looking to replace their old central air conditioning or heating systems with ENERGY STAR® qualified models. The qualified homeowners (and certain businesses) could get a maximum rebate of \$550. It is a one-year temporary program.

The Government of British Columbia also offers renovation rebate programs, including:

- **LiveSmart BC:** The purpose of this program is to promote energy efficiency in residential buildings. This program creates a single access point for provincial, utility and federal incentives by highlighting the best opportunities for energy savings and reducing greenhouse gas missions^{xvii}. This program is comparable to Ontario's Home Energy Retrofit Program. It is a time-limited program, lasting for three years.

Some municipal governments also offer energy efficiency incentive programs. For example, the City of Toronto has a program called **Residential Toilet Replacement Program**, which offers Toronto residents a \$60 or \$75 cash incentive to replace a water-guzzling toilet with a City-selected water-efficient model.^{xviii} It is an on-going program. Many other cities across Canada offer similar programs.

TAX HARMONIZATION SIGNIFICANTLY WEAKENS EFFORTS TO PROMOTE ENERGY EFFICIENCY

Most government renovation rebate programs have shorter durations and smaller amounts relative to the proposed increase in taxes under HST:

- A vast majority of government incentive programs are time-limited, lasting 2 to 3 years. Any extension of those programs requires new legislation and funding. The proposed increase in taxes under the proposed HST tax, on the other hand, is permanent;
- Other than the HRTC program, the magnitude of all the federal and provincial programs aimed at stimulating and encouraging residential refurbishment, particularly with respect to the environment, is significantly smaller than the potential increase in taxes under the proposed HST;
- Assuming Ontario's Home Energy Retrofit Program will pay out a total of \$114 million in rebates (matching the funding from the federal government program), the total amount of federal and provincial energy efficiency incentive programs is about \$228 million in Ontario, which is less than one-third of the potential increase in sales tax under the proposed HST. So, for every dollar that the federal and provincial governments is providing to Ontario homeowners undertaking renovations to improve housing energy efficiency, the Ontario government proposes to increase its taxes by over three dollars; and
- The same conclusion can be made for the proposed HST in British Columbia.

Essentially, the proposed increase in sales tax will entirely wipe out a wide array of government efforts aimed at promoting home energy efficiency.

OPTIONS TO THE PROPOSED HST TAX ON CONTRACTOR RENOVATIONS

Residential renovation activity is an important component of residential investment in Canada and any tax measures that either unduly discourage such activity or push it into the underground economy will ultimately have deleterious effects on the quality and functionality of the existing housing

stock. Tripling the sales tax rate on contractors' renovations will have profound adverse consequences on the way renovation activity is performed and ultimately on the amount of tax revenue collected from the GST/HST and income taxes:

- Harmonization will reduce the volume of renovation activity by contractors, which will lower economic activity and employment in the affected provinces;
- Harmonization will shift contractor renovation activity into the underground economy, with a loss of existing income and sales tax revenues for federal and provincial governments; and
- Harmonization may shift more renovation and repair jobs from contractor assignments to do-it-yourself projects, often undertaken by homeowners who are not as well trained as professional contractors to do this kind of work. The lower renovation activity and a shift to do-it-yourself work could have longer-term negative consequences for the quality of the existing housing stock.

The most effective and efficient way to ensure revenue neutrality is simply to reduce the rate of the HST applied to contractor renovations. Provinces proposing harmonization, such as Ontario and British Columbia, can calculate a fair and revenue-neutral tax rate on legitimate contractor renovations and then apply that tax to all legitimate contractor renovations.

For Ontario, the tax value for residential renovation contracts should be 2.6% for the provincial component of the proposed HST. This rate equals the current effective tax rate in the province so as to keep provincial taxation of this important component of residential renovation revenue neutral, and to avoid diverting more renovation activity into the underground economy. Correspondingly, the tax rate for the provincial component of the proposed HST in British Columbia should be 2.3%.

Sales taxes are primarily considered a "consumption tax". Government should also reconsider their tax treatment of home renovation as a form of consumption. Most renovations such as kitchen cabinet upgrades and plumbing replacements last many years. Home renovations are, in large part, a capital investment in housing, and thus should not be subject to a consumption tax.

ⁱ National Housing Act and the Canada Mortgage and Housing Corporation Act

ⁱⁱ Canada Revenue Agency.

ⁱⁱⁱ Ibid.

^{iv} Website of Ontario Ministry of Municipal Affairs and Housing.

^v Atlantic Home Building & Renovation Sector Council, *Home Building & Renovation in Nova Scotia: The Professionalization Option*, September 2004.

^{vi} Prism Economics & Analysis, *Underground Economy in Construction – It Costs us All*, prepared for Ontario Construction Secretariat, April 2008.

^{viii} Ibid.

^{ix} Ibid.

^x Atlantic Home Building & Renovation Sector Council, *Home Building & Renovation in Nova Scotia: The Professionalization Option*, September 2004.

^{xi} John O’Grady Consulting, Greg Lampert Economic Consultant, and The ARA Consulting Group Inc., *The Underground Economy in Ontario’s Construction Industry*, prepared for Ontario Construction Secretariat, Final Report, November 1998.

^{xii} Canada Revenue Agency, “Substantial Renovation and the GST/HST New Housing Rebate”, *GST/HST Technical Information Bulletin*, January 2005.

^{xiii} Ibid.

^{xiv} Renovation spending is some 38% of the national total in Ontario and about 13% of the national total in British Columbia.

^{xv} Website of Canada Mortgage and Housing Corporation

^{xvi} Ibid

^{xvii} Ministry of Energy, Mines and Petroleum Resources, *LiveSmart BC: Efficiency Incentive Program*.

^{xviii} Website of City of Toronto.