

MEDIA RELEASE



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FOR IMMEDIATE RELEASE

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Manitoba's Chartered Accountants say government's top budget priorities should be improved tax competitiveness and debt reduction

WINNIPEG – In its annual pre-budget submission, the Institute of Chartered Accountants of Manitoba (ICAM) called on Finance Minister Greg Selinger to ensure tax competitiveness and debt reduction continue to be top priorities for the government and expressed concern about last year's introduction of the retail sales tax on certain professional services.

“As we commented in *MB Check-Up*, our study published last fall, we believe that improving tax competitiveness continues to be one of the most important challenges facing the provincial government,” said ICAM CEO Gary Hannaford, FCA.

Hannaford noted that further measures are necessary to move Manitoba to a more competitive position with the other provinces in order to continue to stimulate economic growth and provide incentive to business to locate here.

“We do not believe the government should be satisfied with merely maintaining Manitoba's ‘middle-of-the-pack’ status,” he said.

Carol Stockwell, Chair of ICAM's Tax Committee and a tax practitioner with PricewaterhouseCoopers, said Manitoba is the only Western Canadian province to impose the Health and Post-Secondary Education Tax or ‘payroll’ tax and that several other Canadian provinces have taken steps to reduce or eliminate such taxes as Corporation Capital Tax.

“These taxes are a disincentive for business to invest in our province,” Stockwell said. “Our recommendation to the government is to either eliminate or create much higher exemption levels for them,” she added.

ICAM recommends that the province introduce overall reductions in personal tax rates in the long term, or, as a short term measure, consider providing temporary targeted tax relief or incentives to attract those individuals whose skills or knowledge are sought by Manitoba.

“While those of us who choose to live here appreciate the quality of life benefits, newcomers must be enticed by other means and we believe that a more competitive personal tax structure would help to provide such an incentive,” Hannaford said.

“The resulting expansion of the population and tax base would, in the longer term, allow for the establishment of the clearly competitive personal tax rates needed to maintain or further expand the provincial economy,” he explained.

The CA’s budget submission also calls for the Province to adopt the four Federal tax brackets, with a rate not higher than the current highest provincial rate being applied to the fourth bracket and a decreased rate being applied to the third bracket.

“This change would aid in transparency of tax rate comparisons and provide taxpayers in the third bracket with the benefit of a reductions in tax,” Stockwell said.

Hannaford noted that the province needs to make a commitment to a realistic and systematic plan to pay down the provincial debt – a plan that emphasizes efficient and cost-effective service delivery.

“We need to ensure that future generations of Manitobans are not saddled with the burden of high debt, high debt service costs, and the resulting drain on the financial and social resources of the province,” he said.

Calling last year’s introduction of a retail sales tax on accounting and other services (including legal, architectural, engineering and security) bad tax policy, the chartered accountants’ budget submission notes that this new tax is overly complex and decreases Manitoba’s competitiveness with other provinces.

“This new tax also has a cascading effect on businesses. It is a tax on business inputs which will be passed on as higher costs to the consumer,” Stockwell said.

The Institute’s submission, which includes further details on these and other recommendations as well as the *MB Check-Up* are located on the ICAM website at www.icam.mb.ca.

The primary mission of the Institute of Chartered Accountants of Manitoba is to protect the public interest. It does so by ensuring that its members have the highest level of competence and integrity as a result of demanding standards for admission to the profession, its continuous learning policy and its inspection and discipline process.

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