



CALTC

Canadian Alliance
for Long Term Care

Harmonized Sales Tax (HST): A Federal and Provincial Solution is Required to Avert Service Reductions for Over 50,000 Long Term Care Residents in Ontario and British Columbia

Issue

The HST implementation rules will reduce access to publicly funded and public regulated services for over 50,000 long term care residents in Ontario and British Columbia based solely on who operates the home. In BC this impact will be felt by over one third of the province's long term care residents (10,000 +) who live in 100 homes throughout electoral ridings.

Why

- The HST implementation rules are defined in the federal-provincial *Comprehensive Integrated Tax Coordination Agreement between the Government of Canada and the Government of Ontario (CITCA)* and its counterpart in BC
- This agreement prohibits the provinces from extending the Municipalities Universities Schools and Hospitals (MUSH) sector protection (GST/HST rebates) to any organization beyond those specifically defined in the MUSH definition in the federal Excise Tax Act. Today, provinces have the flexibility to extend MUSH provisions, including for the purposes of providing a tax rebate such as that enjoyed by all other parts of the long term care sector. This ability is removed under CITCA.
- This federal MUSH definition specifically excludes the publicly funded and publicly regulated private sector providers of long term care services from being eligible for the GST/HST MUSH sector protections (e.g. rebates) being extended to other long term care providers and hospitals.
- This exclusion in the federal Excise Tax Act definition forces higher operating costs on publicly funded private sector providers to deliver the same high level therapeutic services to the same standards as their counterparts. In BC, all providers be they health authority operated, not-for-profit, charitable or private are provided the same funding, required to provide the same standard of care and are prohibited from charging additional fees. The only difference is that the first three categories of long term care operators will be now provided tax relief on the HST.
- Since operators are prohibited by regulation from passing this cost increase along to residents the publicly funded privately operated homes are left with no choice but to reduce service levels accordingly. This will result in homes reducing service staff by some 600 FTE's, 360 in Ontario and 240 in BC.

Solution

Adjust the MUSH definition in the federal Excise Tax Act to include all providers of publicly funded and publicly regulated long term care services. This would allow the provinces to provide the appropriate HST protections (e.g. rebates) and ensure that all residents have equitable access to the long term care services that they need and deserve.

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