

Patrick Grady
Globe and Mail
January 19, 1991

GST guides help taxpayers get ready, for turbulent times

GST IMPACT: The Final Countdown

BY DELOITTE & TOUCHE

Richard De Boo, 153 pages, \$7.95

GOODS AND SERVICES TAX: The Complete Guide

BY ERNST & YOUNG

Canadian Institute of Chartered Accountants,

700 pages, \$49.50

IF you are in business and think the Canadian tax system has been too complicated, you won't love the added complication of the goods and service tax. No doubt you will need a lot of high-priced professional help, and the accounting firms that have produced these two books will be glad to be of assistance. But before you rush out and start spending big bucks for tax advice, you should take the time to do a little reading to familiarize yourself with how the GST will apply to your business.

These two books prepared by teams of commodity tax specialists at Deloitte & Touche and Ernst & Young should be of great use to Canadian taxpayers and their professional advisers in coming to grips with the GST.

They instruct the reader in the new esoteric terminology spawned by the GST – taxable sales, tax-exempt sales, zero-rated sales, input tax credits, and registrants. They cover the special treatment applying to a multitude of sectors such as exports, real estate, food and food services, financial services, charities, non-profit organizations and the public sector. It is this special treatment of some sectors that is at the root of much of the GST's complexity.

Neither of the books is suitable for cover-to-cover reading except by accountants and tax specialists. The Deloitte & Touche book, which was edited by Donald Mitchener, is directed at the tax-paying public, but most readers who are not masochistically inclined and derive pleasure from reading about taxes will probably only completely read Part I, which provides a relatively brief overview of the GST.

They will probably limit their reading of the more detailed Part II, which deals with the GST's sectoral impact, to those sectors directly relevant to their own business. The Deloitte & Touche book is not sufficiently detailed to be of use to tax practitioners.

The Ernst & Young guide, which was edited by Peter Wood, was written under the auspices of

the Canadian Institute of Chartered Accountants to familiarize accountants and financial executives with the statutory basis of the GST and the details of its application. It is published in English and French and has already sold more than 25,000 copies, which makes it a Canadian bestseller. The Ernst & Young guide is comprehensive in its coverage, including a full treatment of administration and enforcement. If you ask your accountant any questions about the GST, he or she will probably find the answer somewhere in the approximately 700 pages of the Ernst & Young guide.

The use of the Ernst & Young guide is greatly facilitated by a detailed 20-page index. The lack of such an index makes the Deloitte & Touche book much less accessible.

Both volumes are based on Bill C-62 as passed by the House of Commons on April 10. The Ernst & Young volume is more up-to-date and covers the federal sales tax inventory rebate percentages announced June 1 and the streamlined accounting methods including the "quick method" announced May 31. Ernst & Young has launched a two-volume GST service based on the book, which includes all the additional material released since the book's publication. Smaller special sector question-and-answer guides are also available and an update of the general guide is planned early this year. Deloitte & Touche will also have to update its volume if it is to continue to be useful.

These books are strictly for those looking for help in complying with the GST. As might be expected from corporate authorship under the banner of major accounting firms, the books quite purposely did not get involved in the passionate debate on the pros and cons of the GST. The broader tax, economic, and political issues raised by the GST are left to others.

Ernst & Young warns that "experiences of other countries that have imposed value-added taxes have proven it impossible for governments, taxpayers, or professionals to anticipate all of the problems of implementation. We believe that considerable fine-tuning of the legislation and administrative practice will be necessary over the next several years as businesses and organizations attempt to apply the GST to their activities."

While the warning is written in the understated language shared by accountants and government bureaucrats, the message is clear. Taxpayers get ready. There is going to be plenty of rough water ahead. These books and others, like *The Financial Post GST Handbook* by Samuel Slutsky (Key Porter, 212 pages \$12.95) will hopefully help taxpayers and their advisers avoid being swamped in a sea of tax complexity.