



RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

PETITION No.: **421-02324**

BY: **MR. CHOQUETTE (DRUMMOND)**

DATE: **MAY 4, 2018**

PRINT NAME OF SIGNATORY: **MR. JOËL LIGHTBOUND**

Response by the Minister of Finance

SIGNATURE

Minister or Parliamentary Secretary

SUBJECT

Books

ORIGINAL TEXT

REPLY

When middle-class Canadians have more money to invest, save and grow the economy, all Canadians benefit.

Our Government's first action was to raise taxes on the wealthiest Canadians in order to cut taxes for the middle class. Nearly nine million Canadians are benefitting from the middle class tax cut. Single individuals who benefit are saving an average of \$330 each year. Couples who benefit are saving an average of \$540 each year.

Families with children are also benefitting from the Canada Child Benefit (CCB), which is simpler, more generous and better targeted to those who need it most. Nine out of ten families are receiving more support than they did under the old system of child benefits. On average, families benefitting from the CCB are getting \$6,800 this year. The CCB helps almost six million children, putting more than \$23 billion back into the pockets of hardworking families. By giving more support to the families that need it most, the CCB is helping them invest in the things that give children a good start in life – like a safe place to live, healthy food, and books to develop a life-long love of learning.

As a general rule, personal income tax relief is not allowed for personal expenses, such as purchases of books. Moreover, with respect to the suggestion that books not be subject to the Goods and Services Tax (GST), the GST is a broad-based tax that applies to most goods and services consumed in Canada. Exceptions to the general application of the GST are currently limited to certain items including basic groceries, prescription drugs and some medical and

assistive devices. Applying the GST to a broad base of goods and services keeps the tax more efficient, simpler and lower. All consumers benefit if the general sales tax rate is kept as low as possible by maintaining the comprehensive base for the tax.

Reading materials are generally taxable under the GST. However, in order to promote literacy in Canada, a rebate of the GST paid on printed books is provided to educational institutions, public libraries, as well as certain non-profit groups whose primary purpose is the promotion of literacy. The rebate targets assistance to organizations that are on the front lines of promoting literacy.

Rather than excluding additional specific items from the tax base, relief from the GST is provided for low- and modest-income Canadians through the GST Credit. The GST Credit provides approximately \$4.5 billion in annual assistance to help offset the sales tax burden of low- and modest-income families and individuals.