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MPP offers little solace for condo community

September 26, 2009

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SPECIAL TO THE STAR

It was a popular meeting about an unpopular subject.

More than 400 condominium consultants, managers and owners turned out for a discussion about Ontario's proposed harmonized sales tax organized by the Association of Condominium Managers of Ontario.

The Richmond Hill Country Club lot was double parked and an extra room was booked for the overflow lunch crowd.

Taking part in the panel was MPP Yasir Naqvi, parliamentary assistant to Ontario's revenue minister, and accountant John Warren, who heads the condominium group for Adams & Miles LLP, Chartered Accountant. Chairing the panel was lawyer Armand Conant, president of the Canadian Condominium Institute (Toronto).

The HST will hit condominiums hard with the extension of the 8 per cent provincial sales tax to everything now taxed under the GST. The additional tax on services is expected to boost maintenance fees by 6 per cent to 7 per cent, not even counting inflationary pressures. Reserve fund requirements will also see a sharp increase.

Naqvi presented an overview to justify the tax that will hit consumers hard. He emphasized the competitive advantage of a modernized value-added tax with flow-through credits for business and the cuts to personal and corporate income taxes that are part of the tax reform package.

Given the global economy, Naqvi said, "We need to take steps, moving forward, which will create a real stimulus to the economy." He pointed out that 130 countries have a more efficient single value-added tax structure, and in Canada, the harmonized tax is in effect in Quebec, three Atlantic provinces and soon to come to British Columbia.

Part of the tax reform package is a one percentage point reduction on personal income up to \$36,848, which translates into cuts for 93 per cent of Ontario residents.

After his presentation, some audience members complained that Naqvi did not address any specifics for the condo sector, for example, the kind of price reductions boards might see in certain contracts once flow-through tax credits are instituted. Others wanted specifics, asking how much more the province would collect through the HST, suggesting that figure would make claims of overall tax reductions more persuasive. (Naqvi didn't have the answer.)

Both Conant and ACMO president Chris Antipas said following the event that they have had productive meetings with government representatives and other party members about the condo sector and the special impact the HST will have. They are in the process of setting up more meetings with the province.

"Everybody's still formulating and working together to try to find solutions," says Conant.

Warren pointed out that a major problem with the HST is "that the relief from this piece of legislation goes to individuals, while the cost falls on the condominium corporation."

Some condominium boards might seek to avoid HST on services by, for example, abandoning private garbage pickup in favour of the same service provided by the city, which is sales-tax free, but he cautioned condo boards on hiring employees directly rather than continuing with taxable service contracts, given additional costs and risks. He also urged managers to approach major utilities about potential savings on contracts, given input tax credits. He said it was crucial for boards to communicate early about the looming changes.

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