

Media statement from Nikki Csek on Employer Health Tax  
November 14, 2019  
Given to Kris Sims, BC Director, Canadian Tax Payers Federation

The Chamber has been very clear since the EHT was announced in BC Budget 2018 on February 20, 2018.

The new payroll tax was called “an undue burden on many small businesses which are now faced with a significant new labour cost for which they were not prepared and had not planned.”

The EHT was, as we said in September of this year, one more of the cumulative government costs that put Tolko’s future at risk. The increase in stumpage (July 2019); increase in property tax; increase in carbon tax; Federal corporate tax changes and increases; no new softwood lumber agreement; and the EHT.

This has proven to be the case – large employers, somewhat better insulated for these financial hits, nonetheless, have had to make cuts in growth plans, or putting funds back into employee retention and equipment upgrades.

Payroll taxes function as regressive taxes, with no regard for a business’s profitability or ability to pay.

As well, the issue of ‘double dipping’, i.e., collecting the EHT while also collecting MSP premiums as they are phased out, is doubly unfair to employers. The Chamber supports phasing out residents paying MSP premiums.

In a BC Chamber policy adopted at our provincial policy convention in May 2018, the Chamber made several recommendations:

1. Eliminating the EHT
2. Implement the EHT, but: postponing to 2020 to coincide with the MSP premium removal
3. Increase the base payroll exemption threshold from \$500,000 to \$1 million to allow more small business/not-for-profit organizations to be exempted
4. Indexing payroll exemption thresholds to inflation by tying to the Consumer Price index
5. Exclude Employer RSP matching and pension contributions, profit sharing, & health benefits programs
6. Do not proceed with the EHT until the MSP task force had completed and presented their final report.

Governments at all levels need to take responsibility for the net effect of cumulative tax increases on a community’s core business, such as Tolko.