

ONTARIO TAX REGIME CHANGE SIGNALS BIG BENEFITS FOR ICI & HEAVY CIVIL CONSTRUCTION

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(Toronto, Ontario) The Council of Ontario Construction Associations (COCA) today announced its support of the Ontario government's intention to establish a Harmonized Sales Tax (HST) as part of its *Ontario Tax Plan for More Jobs and Growth Act, 2009*, to take effect July 1, 2010. COCA is also joining the ranks of organizations which have come together to form the Smart Tax Alliance, a non-partisan coalition of business leaders and organizations.

"The current economic climate is showing us how much and how quickly economies are changing and Ontario must keep pace or be left behind as a 'have-not' region," said David Zurawel, Vice President of Policy and Government Relations for COCA. "Progressive economies are embracing the competitiveness of valued added tax structures and an HST can help re-fire the Ontario economy."

The Ontario government's tax reform package includes \$4.5 billion in tax savings for business over the course of the proposed implementation period, of which an estimated \$2.375 billion will apply to the construction industry. Proposed changes to the marginal effective tax rates (METR) for construction businesses will be significant. Small business will see their 2009 tax rate of 43.8% fall to 15.5% in 2010. The METR for medium and large construction firms will fall from 42.2% in 2009 to 20.9% by 2018.

"Reducing the cost of doing business is a major issue for our industry", said Zurawel. "When compared with other jurisdictions, right now Ontario is just not as competitive as it needs to be. Lower taxes and simpler tax systems should help preserve and create more well-paying skilled jobs. We do have a few issues to clarify with the government such as tax rules for projects at the time of transition, we don't want to end up with a lot of unforeseen costs, but we are certain we can work with the government to devise a satisfactory solution."

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About COCA

Since 1975, the Council of Ontario Construction Associations (COCA) has been a leading voice for the Ontario institutional, commercial, industrial (ICI) and heavy civil construction industry with 32 member organizations representing more than 10,000 construction businesses that employ more than 400,000 skilled trades people.

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