

# Taxing TIMES

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## A newsletter for OPSEU members working for the Ministry of Finance • Issue #3

### Agreement signed!

On May 17th 2005, the Ontario government and the Federal government signed a Memorandum of Agreement (MOA) on “shared priorities”. One of the priorities outlined is an agreement to “create a single administration of corporate income tax”. A copy of the MOA can be found on the Ministry of Finance intranet site. Some of the financial implications of the agreement were outlined in the MOA, however, since the corporate tax administration initiative was grouped with meat inspection (???), the details are unclear.

Government officials are touting the deal as being worth \$790 million to Ontario. However, media reports suggest that the \$790 million “investment” being quoted by the officials is flawed - go figure. The media reports reveal that \$390 million is being invested by the federal government to retool their own tax collection system, and only \$400 million will come to Ontario. This \$400 million is intended to compensate Ontario for any lost revenue during the transition process. The corporations tax branch raises over \$300 million annually in audit assessments plus another \$90 million in interest and penalties. It’s amazing that the government is willing to sell off \$390 million per year for an

upfront payment of only \$400 million - it just doesn’t add up!!

### Is it a done deal?

Well, amazingly enough, according to the ADM, Marion Crane, it is not yet a done deal. The MOA that was signed May 17th confirms the commitment of the two governments to create a single administration for corporate tax. However, this signed agreement only deals with economic implications; the details of the final structure of a single corporate tax administration still need to be resolved.

### What about the staff?

The MOA only deals with the economic implications. The impact on staff will not be known until a final agreement is reached. The MERC team has tried to get a commitment from the ADM that the deal would take place under Appendix 18, Schedule B of the collective agreement. Her response was that it would be up to the politicians as to how the deal would be structured. Of course, we will do what we can to ensure that the staff are protected.

## What is OPSEU doing ?

The MERC team is continuing our conference calls with the ADM, Marion Crane, in an effort to keep the lines of communication open during their negotiations with the Federal government.

OPSEU has met with NDP Finance critic, Michael Prue. He is well aware of the issue, and has raised our concerns in Finance Committee meetings, and in Parliament.

Information will continue to be communicated to you, the members, as information becomes available for distribution.

In the mean time, we encourage YOU, the members, to contact your MPP and raise your concerns to them. This is very much a political initiative, and the politicians will make the decisions. We must take it to them.

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