



January 22, 2020

387449

Melissa Pace, Chief Executive Officer
Whistler Chamber of Commerce
melissa@whistlerchamber.com

Dear Ms. Pace:

Thank you for your thoughtful letter sent on December 11, 2019, regarding B.C.'s Employer Health Tax (EHT). I appreciate you taking the time to share your feedback with me.

The decision to replace Medical Services Plan (MSP) premiums with the EHT was one ultimately supported by our government's desire to not only remove a regressive tax, but also address the affordability issue in British Columbia. The EHT is intended to be a general application tax and does not correspond to an individual's use of the health care system.

Making life affordable was one of the three key commitments our government made to British Columbians upon taking office. Over the past year and a half, we have been taking steps to meet this commitment.

Eliminating MSP premiums and replacing them with the EHT represents a net tax cut of \$800 million, one of the largest in B.C.'s history. As a first step, we reduced MSP premiums by 50 per cent and in January 2020, MSP premiums have been fully eliminated, saving individuals \$900 per year and families \$1,800. By addressing affordability, we're working to support individuals, families, and local businesses in our communities.

We have also worked to improve the competitiveness of small businesses by taking action to lower the small business corporate tax rate, and by eliminating the Provincial Sales Tax on electricity for businesses effective April 1, 2019.

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Since the implementation of the EHT, B.C. continues to have a strong, competitive economy with some of the lowest taxes in the country, including:

- The second lowest small business rate among provinces;
- A competitive general corporate income tax rate; and
- The lowest personal income taxes in Canada for individuals earning up to \$125,000 annually.

Each year, government reviews provincial taxes and considers changes in preparation of the provincial budget. The government then implements tax changes that it determines to be appropriate within the context of the province's fiscal situation and other priorities. Be assured that your suggestions have been noted and will be considered as part of these discussions.

To learn more about the implementation of the EHT, we encourage you to review the information available online at: <https://www2.gov.bc.ca/gov/content/taxes/employer-health-tax/employer-health-tax-overview>

If you have any outstanding questions on the EHT, please contact Ministry of Finance staff by email (ITBTaxQuestions@gov.bc.ca) or phone (1-877-387-3332 toll free).

Thank you again for taking the time to write.

Sincerely,

A handwritten signature in blue ink that reads "Carole James". The signature is written in a cursive, flowing style.

Carole James
Minister and Deputy Premier