



**STAFF REPORT
ACTION REQUIRED**

**Inclusion of the Harmonized Sales Tax (H.S.T.) in
Taxicab Fares for Toronto Licensed Taxicabs**

Date:	February 19, 2010
To:	Toronto City Council
From:	Executive Director, Municipal Licensing and Standards
Wards:	All
Reference Number:	P:\2010\Cluster B\MLS\Cc10009

SUMMARY

The purpose of this report is to inform City Council regarding a methodology for the inclusion of the Harmonized Sales Tax (H.S.T.) of 13% in taxicab fares in the City of Toronto. The increase in taxicab fares is to be calibrated so as to not negatively affect the income of taxicab operators. The H.S.T. of 13% which will be applied to all taxicab fares in the Province of Ontario as of July 1, 2010, is a result of the harmonization of the Province of Ontario’s 8% Provincial Sales Tax (P.S.T.) with the Federal government’s Goods and Services Tax (G.S.T.) of 5%.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards Division recommends that:

1. Taximeters in Toronto licensed taxicabs be recalibrated to reflect the newly Harmonized Sales Tax (H.S.T.) of 13% to be charged on taxicab fares as of July 1, 2010;
2. Toronto City Council adopt the taxicab fare increase proposal to Tariff “A” Taxicab Rates and Fares in Appendix “C” to the Toronto Municipal Code, Chapter 545, Licensing, set out in Table “2” of this report;
3. Taximeter waiting time while under engagement be increased by approximately eight percent by increasing the charge to \$0.25 per twenty-nine seconds of waiting time from the current \$0.25 per thirty-one seconds;

4. The upcoming increase to the GTAA flat rate fares to the airport, which will be inclusive of the thirteen percent H.S.T., be included in Appendix M to Chapter 545, Taxi Tariffs, and Appendix N to Chapter 545, Limousine Tariffs of the Toronto Municipal Code, to reflect the change in rates; and
5. The appropriate City officials be authorized to undertake the necessary action to give effect thereto.

Implementation Points

In order to implement the harmonization of the P.S.T. and G.S.T. Toronto taxicab operators must attend a taximeter shop to have the taximeter recalibrated to reflect the 13% H.S.T., which will be required to be charged on taxicab fares as of July 1, 2010. The required recalibration of the taximeters to reflect the inclusion of the H.S.T. in taxicab fares will cost approximately \$50.00 per taximeter.

Staff of the Municipal Licensing and Standards Division (MLS) will identify an appropriate location and schedule the testing and resealing of the taximeters in order to comply with the requirement for the harmonization of the P.S.T. and G.S.T. for inclusion in Toronto taxicab fares.

Financial Impact

This report will have no financial impact beyond what has already been reported to the Licensing and Standards Committee in the report adopted by committee on February 10, 2010. See link to the report below.

<http://www.toronto.ca/legdocs/mmis/2010/ls/bgrd/backgroundfile-27157.pdf>

DECISION HISTORY

At its meeting on February 10, 2010, the Licensing and Standards Committee adopted the following recommendations.

The Licensing and Standards Committee recommends to City Council that:

1. Taximeters in Toronto licensed taxicabs be recalibrated to reflect the newly Harmonized Sales Tax (H.S.T.) of 13% to be charged on taxicab fares as of July 1, 2010.
2. Taxicab Tariff 'A' Card in the back seat of taxicabs be amended to show that the Harmonized Sales Tax (H.S.T.) is included in the taxicab fare increase.
3. The Executive Director, Municipal Licensing and Standards be directed to:
 - a. prepare a notice to be displayed in a conspicuous location in each Toronto taxicab advising customers of the increase in meter fares to take effect on July 1, 2010, such notice to be affixed in each taxicab at least two months prior to the taxicab fare increase;

- b. install cards at the taxi inspection facility;
 - c. consult with the Chair and Vice-Chair of the Licensing and Standards Committee in preparing wording for the public notices.
- A) Further to this the Licensing and Standards Committee referred the following proposals in the communication (February 10, 2010) from Jim Bell, CEO, Diamond Taxicab Dispatch Service, to the Executive Director, Municipal Licensing and Standards, for consideration and comment:
- i. Proposal A - \$4.00 drop with .25 cent increment for each additional 145 meters with an adjustment to idle waiting clock from 31 seconds to 29 seconds ([\\$29.03@hour](#)) to (\$31.03@hour).
 - ii. Proposal B - \$4.25 drop with .25 cents increment for each additional 145 meters no adjustment to idle waiting time.
 - iii. Adopt the upcoming GTAA H.S.T. flat rate for inclusion to Appendix M to Chapter 545, Taxi Tariffs and Appendix N to Chapter 545, Limousine Tariffs of the Toronto Municipal Code, to reflect the change in rates.
- B) The Licensing and Standards Committee also requested that the Executive Director, Municipal Licensing and Standards to report directly to City Council, for its meeting on February 22, 2010, on how taxicab fares may be calibrated so as to not negatively impact the income of taxi drivers.

ISSUE BACKGROUND

Taxicab fares currently include all applicable taxes. With the implementation of the harmonization by the Provincial and Federal governments of the P.S.T. and G.S.T. into the H.S.T. as of July 1, 2010, the City of Toronto is required to adjust taxicab fares to include newly harmonized tax.

COMMENTS

Current Taximeter Rate

Table 1 below indicates the current taxi fares including 5% G.S.T.

Table 1 - Current Taximeter Rate Including 5% G.S.T.

Drop Fee \$4.00 - \$0.25 per .155 Kilometres		
5 Kilometre Trip	10 Kilometre Trip	20 Kilometre Trip
\$11.75	\$20.00	\$36.25

Currently taxicab waiting time while under engagement is calculated at \$0.25 per 31seconds. Waiting time only affects the total fare if the taxicab is stationary or proceeding at less than 25 kilometres an hour for a full 31 seconds or more.

Proposal for Inclusion of H.S.T. in Taxicab Fares

Table 2 - Proposed Taximeter Rate Including 13% H.S.T.

Drop Fee \$4.25 - \$0.25 per .143 Kilometres		
5 Kilometre Trip	10 Kilometre Trip	20 Kilometre Trip
\$12.75	\$21.50	\$39.00

Along with the recommended taxicab fare increase, as indicated in Table 2 above, it is also recommended that taxicab waiting time while under engagement be increased to \$0.25 per 29 seconds, which represents the increase of approximately eight percent necessary to include the H.S.T. in taxicab fares. (See Appendix A to this report for the percentage increase calculations for the proposed fare increase)

It must also be noted that the taxicab industry wishes to maintain fare increments of \$0.25 due to the fact that an exact increase would require taxicab operators to make change for the taxi riding public in amounts other than \$0.25, which would be an inconvenience to the taxicab operators.

Annual Taxicab Fare Review

The annual review of taxicab fares, utilizing data from the Statistics Canada Consumer Price Index and the taxicab fare determination formulas of Toronto, Mississauga and Ottawa, is normally conducted by MLS in the fall. However, due to the municipal election to be held on October 25, 2010, MLS will be unable to report on the results of the annual review of taxicab fares until early in 2011.

This report has been prepared in consultation with the City of Toronto's Accounting Services, Corporate Financial Planning and Policy, Planning, Finance and Administration Divisions.

CONTACT

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SIGNATURE

Jim Hart
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Municipal Licensing and Standards

ATTACHMENTS

Appendix A: Inclusion of H.S.T. in Tariff A – Taxicab Rates and Fares

Appendix “A”

Inclusion of H.S.T. in Tariff A of Appendix C to Chapter 545, Licensing

	CURRENT ¹	EXACT ²	PROPOSED ³		
	_____	_____	_____		
DROP	4.00	4.30	4.25	+ 0.25	+ 6.3%
RATE (\$ per metres)	0.25	0.2690	0.2500		
	155m	155m	143m	+ 12	+ 7.7%
For a 5.0 km trip	\$12.00	\$12.91	\$12.75	+ 0.75	+ 6.3%
For a 10.0 km trip	\$20.00	\$21.52	\$21.50	+ 1.5	+ 7.5%
For a 20.0 km trip	\$36.25	\$39.01	\$39.00	+ 2.75	+ 7.6%
For a 40.0 km trip	\$68.50	\$73.72	\$74.00	+ 5.5	+ 8%

¹Includes 5% GST. Thus the drop is \$3.81 + \$0.19 GST = \$4.00; and the rate per 155 metres (or part thereof) is \$0.2381 + \$0.0119 GST = \$0.25.

²Amounts are calculated by pulling out the GST of 5% and applying the HST of 13%.

³Amounts calculated so as to keep fares at 25¢ intervals.