



**STAFF REPORT  
ACTION REQUIRED**

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

<b>Date:</b>	January 27, 2010
<b>To:</b>	Licensing and Standards Committee
<b>From:</b>	Executive Director, Municipal Licensing and Standards
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2010\Cluster B\MLS\LS10008

**SUMMARY**

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The purpose of this report is to advise the City of Toronto regarding adjustments necessary to taxicab fares in Toronto due to 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%. This Harmonized Sales Tax (H.S.T.) of 13%, which will be applied to all taxicab fares in the Province of Ontario, will come into effect on July 1, 2010.

**RECOMMENDATIONS**

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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; and
2. The appropriate City officials be authorized to undertake the necessary action to give effect thereto.

Public notice has been given in a manner prescribed in the Toronto Municipal Code Chapter 162, Notice, Public.

## **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.

Staff of Municipal Licensing and Standards (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**

The adoption of the recommendations in this report will require MLS to use approximately six thousand of the ten thousand taximeter seals already purchased for 2010, in order to accommodate the taximeter testing and resealing task associated with any change to the taxicab fare. New tariff cards for use in each taxicab, reflecting the change in the taxes on taxicab fares, will also need to be printed at a cost of approximately \$400.00 to MLS. MLS will also need to take out an advertisement in the Taxi News, at a cost of \$210.00, to inform the Toronto taxicab industry of the scheduling and location for the testing and resealing of the taximeters.

It is estimated that with the staff required for the testing and resealing of the taximeters, MLS will incur overtime staffing costs of approximately \$2,000.00. All of the required expenditures will be accommodated within the 2010 operating budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **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**

### **Inclusion of H.S.T. in Taxicab Fares**

The G.S.T. since its inception has been included in taxicab fares in the City of Toronto, and the newly created H.S.T. is required by the Province of Ontario to be included in all taxicab fares in the province. Therefore the taximeters in Toronto licensed taxicabs must be recalibrated to include the H.S.T. in the fares charged to the taxi riding public. The inclusion of the H.S.T. in taxicab fares will result in an 8% increase, for example a Taxicab ride costing \$10.00 will increase to \$10.80 after the recalibration of the taximeters to reflect the increased taxes.

## **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 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 Finance Division.

### **CONTACT**

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### **SIGNATURE**

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