



Glenn Thibeault
Member of Parliament / Député
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HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

April 16, 2013

David Sweet, M.P.
Chair, Standing Committee on Industry, Science and Technology
244 Wellington St, Suite 484
House of Commons
Ottawa, ON K1A 0A6

Re: Request for a study into the increased taxation of iPods and other goods

Dear Chairperson Sweet,

As the Official Opposition Critic for Consumer Affairs and as a member of the Standing Committee on Industry, Science and Technology, I am concerned about the impact of the increased taxation of hundreds of goods detailed in Budget 2013. In particular, I have significant concerns regarding the lack of clarity in these tax increases as exemplified by the debates on the taxation of iPods, MP3 players, and other goods that may fall under the 9948.00.00 tariff classification. I am also very concerned about the possibility that firms are being retroactively taxed for the importation of TVs and other electronic goods

Budget 2013 is filled with tax increases on hundreds of types of goods. On page 332 of the Budget, the government has indicated that it expects these measures to generate over \$330 million annually, which will impose significant costs on consumers.

The burden of these tax increases is unlikely to fall on consumers alone. Canadian retailers are also likely to feel the pinch. I am particularly concerned that these tariff hikes will widen the Canada-US price gap, making our retailers less competitive and driving business south of the border.

The need for a study on these tax increases is best exemplified by the debate on the "iPod" tax. Both the media and private industry have indicated that they expect Budget 2013 to result in the increased taxation of iPods and other MP3 players. In fact, it appears Sony of Canada Ltd. has already been forced to pay their "iPod" tax on the importation of their MP3 players. However, this government is continuing to claim that there will be no increase in the taxation of iPods. Further complicating the story is the potential creation of a registry for iPods, MP3 players, and other electronic goods.



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Given these facts, I will be tabling the following motion to have the Standing Committee on Industry, Science, and Technology study these tax increases to assess their impact on the wellbeing of Canadians:

That the Standing Committee on Industry, Science, and Technology undertake a study into the increased taxation of hundreds of consumer goods detailed in Budget 2013, including the 5% tax increase on iPods and MP3 players, the possibility that TVs and other goods may have been taxed retroactively, and the impact of these tax changes for consumers, retailers, and industry, and that the committee reports its finding back to the House.

The study should get to the bottom of the ongoing debate regarding the taxation and/or registry system on iPods and other MP3 players. To this end, the committee should call for industry and expert witnesses including:

- Professor Mike Moffat, Richard Ivey School of Business, University of Western Ontario
- Mark Trylinski, logistics director at Sony of Canada
- Officials from Canada Post
- Official from the Canada Border Services Agency
- Representatives from Apple Canada Inc.

New Democrats are committed to protecting Canadian consumers, closing the Canada-US price-gap, and ensuring transparency in government. It is my hope that this Committee shares these same values.

Sincerely,

Glenn Thibeault, Member of Parliament for Sudbury

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