



Social Service Tax (SST) on Legal Services

Background:

- The NDP Government in 1992 introduced a 7 percent provincial tax (the Social Services Tax) on legal services. Like other provincial sales taxes, it was raised to 7.5 percent by the Liberal government in 2003, and reduced back to 7 percent in 2004.
- The rationale given by government when introducing the tax was that it would be used to fund Legal Aid. It has always gone into General Revenues and has never been tied to any specific program or Ministry.
- Legal services are the only professional services subject to a provincial sales tax in BC, and BC is the only province that has this discriminatory tax -- some other provinces tax all professional services, but no other province discriminates solely against those who use legal services.
- The provincial government collects more than \$100 million annually from this tax.

Why the Tax Should be Eliminated:

This tax is discriminatory, unfair, and a barrier to accessing justice.

- Legal services are the only BC professional services targeted by this tax.
- It is not lawyers who pay the tax – it is anyone who uses legal services. Businesses, individuals, municipalities -- everyone pays a penalty for accessing the legal system, because of this increased cost.
- Individuals and businesses with limited resources face a financial disincentive to seeking legal advice.

Eliminating the tax is consistent with the Government's commitment to creating a competitive business environment for BC businesses.

- The tax imposes an additional, unnecessary and uncompetitive cost of doing business in British Columbia – particularly for corporate deals, and high-volume legal consumers such as the film and biotech industries.
- In a global legal environment, BC's legal businesses are at a competitive disadvantage.