

1 Q. Please provide each category and dollar amounts of taxes paid by Churchill Falls, to
2 whom, the purpose of the taxes and when such taxes were initiated.

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5 A. There are four types of tax paid by Churchill Falls as outlined below and due to
6 relative maturity and stability of Churchill Falls (Labrador) Corporation (CFLCo),
7 these costs should reasonably approximate costs in future years with an inflationary
8 element incorporated. Amounts noted below for 2018 include taxes paid by CFLCo
9 and do not include any tax deductions from employees through the payroll process.

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11	Gasoline Tax	\$0.1 Million	Note 1
12	RST – Insurance Premiums	\$0.4 Million	Note 2
13	HAPSET	\$0.7 Million	Note 3
14	Net HST Remitted	\$10.3 Million	Note 4

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16 **Note 1** – Taxes included on litres of fuel purchased in the year and paid to various
17 suppliers. The tax per litre in 2018 (effective December 1, 2017) was \$0.205 for
18 gasoline, \$0.215 for diesel and \$0.025 for aviation fuel.

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20 **Note 2** – Retail Sales Tax (RST) was paid to the insurance provider and not remitted
21 by CFLCo directly to the province. RST on insurance premiums was reinstated on
22 July 1, 2016 and was applicable to CFLCo when the Renewed Power Contract
23 became effective, September 1, 2016.

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25 **Note 3** – Health and Post Secondary Education Tax (HAPSET), commonly referred to
26 as payroll tax, was introduced by the provincial government on August 1, 1990 and
27 is payable by an employer with respect to remuneration paid or credited to

1 employees who report for work in Newfoundland. The tax rate, payable by all
2 employers, is 2% of taxable remuneration. Taxable remuneration equals total
3 remuneration paid by an employer less its allocated deduction (currently \$400,000
4 per employer each calendar year).

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6 **Note 4** –The Harmonized Sales Tax (HST) is a value added tax that combines the
7 provincial sales tax with the federal Goods and Services Tax (GST), to create a single,
8 federally administered HST. Most goods and services supplied in Newfoundland and
9 Labrador are subject to the Harmonized Sales Tax (HST). Newfoundland and
10 Labrador has been an HST participating province since July 1, 1997. The HST rate of
11 15% is a combination of the 5% federal Goods and Services Tax (GST) combined
12 with the 10% provincial portion. The taxes collected on sales are offset by the taxes
13 paid on goods and services purchased and remitted monthly to the Canada
14 Revenue Agency.