



Canadian Institute of Plumbing & Heating
L'Institut canadien de plomberie et de chauffage

A National Voice with Regional Roots | Une histoire régionale, une voix

March 8, 2022

Honourable Selina Robinson
Minister of Finance
153 Parliament Buildings
Victoria, British Columbia V8V 1X4

SUBJECT: Provincial Sales Tax on Fossil Fuel Combustion Systems and Heat Pumps

Minister Robinson,

The Canadian Institute of Plumbing & Heating (CIPH) recently received notice that the province will be implementing a provincial sales tax on fossil fuel combustion systems that will directly impact our members and the supply chain.

The Institute supports market transformation towards a sustainable and effective lower carbon economy that allows consumers comfort and affordable choices, while safeguarding health and safety. Our members' and industry's ability to provide practical and innovative solutions for present and future generations will assist Canadian governmental bodies in working towards climate change objectives, the conservation of our natural resources, the preservation and the protection of our existing built environment.

CIPH does not support this new provincial tax and we ask that the province not implement it before further consultation with industry and other key stakeholders to fully understand your desired goal and outcomes.

We are concerned with the rapid implementation of a new tax structure without any consultation, while industry will be forced to enact your new tax structure. There is ambiguity in the wording of the release, the first of which is, what constitutes a part of a system. For example, if one were to purchase a boiler system, does the storage tank, heat exchanger, pumps and pipe fittings become part of the "system" and are all taxed at the same higher rate? Most parts and components of hydronic (hot water heating) systems are the same regardless of the energy source. If this provincial tax is implemented, we recommend that it be limited to the fuel burning appliance only, as all other parts and components serve many purposes and systems. We also need clarity whether "Heat Pump" includes gas driven Heat Pumps.

Our industry, which manufactures and distributes all these goods to the final user in BC, are caught in the middle in interpreting the regulations and trying to determine what components are to be taxed and at what rate. To our knowledge, no one has a system that can delegate different PST tax rates to the same SKU or product. This level of change will take considerable time and cost for all our members to design, implement and articulate what is required to the installing contractor.



With the proposed implementation timeline, wholesaler distributors will be required to implement a taxation model in less time than they would be required to implement a cost increase, which is 60 to 90 days, all this without a required software upgrade to enable multiple taxation rates.

CIPH, along with key stakeholders, welcome the opportunity to be engaged with the province in a conversation to find other practical solutions.

Sincerely,
Canadian Institute of Plumbing & Heating

Ralph Suppa, CAE
 President & General Manager

c.c. Hon. John Horgan, Premier
 Hon. George Heyman, Minister of Environment and Climate Change Strategy
 Hon. Bruce Ralston, Minister of Energy, Mines and Low Carbon Action Plans
 CIPH BC Region
 CIPH Board of Directors
 CIPH Manufacturers
 AHRI: Air-Conditioning, Heating, & Refrigeration Institute
 CHBA: Canadian Home Builders' Association
 CHC: Canadian Hydronics Council
 HRAI: Heating Refrigeration Air Conditioning Institute of Canada
 MCA Canada: Mechanical Contractors Association
 MCA BC: Mechanical Contractors Association British Columbia
 PMAC: Plumbing and Mechanical Advisory Council
 TECA: Thermal Environmental Comfort Association

CIPH

Founded in Montreal in 1933, the CIPH is a not-for-profit trade association that is committed to providing members with the tools for success in today's competitive environment. More than 283 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents, and allied companies who manufacture and distribute plumbing, heating, hydronic, industrial PVF, and waterworks, and other mechanical products. CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$9 billion annually and CIPH members have more than 20,000 employees from coast to coast.