

Administrative Office:
111 Peter St., Suite 804.
Toronto, ON
M6V 2H1
Ph: (416) 597-1266
Fx: (416) 597-8365



Political Office:
Fort William First Nation
Suite 101, 90 Anemki Drive
R.R. #4, Thunder Bay, ON.
P7C 4Z2
Ph: (807) 626-9339
Fx: (807) 626-9404

Website: www.chiefs-of-ontario.org

* Association of Iroquois & Allied Indians * Grand Council Treaty #3 * Independent First Nations * Nishnawbe-Aski Nation * Union of Ontario Indians

Chiefs of Ontario Bulletin

DATE: December 15, 2009
TO: Leadership, Grand Chiefs, Tribal Councils
FROM: Angus Toulouse, Ontario Regional Chief
RE: **UPDATE ON HARMONIZED SALES TAX**

The purpose of this bulletin is to inform First Nation citizens of the latest developments on this issue, and to ensure that First Nations citizens are aware of what the harmonized sales tax means and what the impact will be.

The government of Ontario and Canada entered into a Memorandum of Agreement in March 2009 to harmonize the provincial retail sales tax (8%) with the federal goods and services tax (5%). The result of the harmonization of the taxes is that all Ontarians will pay a combined tax of 13% on many products and services that were not previously taxed. *This will include all purchases made by First Nation citizens off reserve.*

This new tax measure will come into effect on July 1, 2010 based on the passage of laws at the provincial and federal government levels.

There was no consultation with First Nations prior to the announcement to harmonize the taxes in spite of the fact that the First Nation point of sale tax exemption (8%) will be eliminated.

Since June 2009 First Nations leaders and technicians have met on many occasions with provincial government representatives to discuss the continuance of the provincial sales tax exemption under the new tax regime. There has also been contact with federal government officials on this matter. To date, First Nations have been unsuccessful in securing a commitment that the tax exemption will continue.

New Developments:

- **December 1, 2009**, the Chiefs in Ontario unanimously pass a resolution rejecting the imposition of the HST on their citizens. The resolution also commits the leadership to act collectively to achieve provincial and federal government recognition of the aboriginal and/or treaty right to tax immunity, and to explore all options to oppose the imposition of the HST, including legal options.
- **December 3, 2009**, as part of the Chiefs in Ontario Special Chiefs Assembly in Toronto a major demonstration was held at Queens Park to express First Nations demands for the continuation of the point of sale exemption.
- **December 4, 2009** the government of Canada introduced legislation to amend the *Excise Tax Act* as is required to implement the harmonized sales tax in Ontario and British Columbia.
- **December 8, 2009** the Chiefs from across Canada pass a resolution at the Assembly of First Nations Chiefs Assembly in Ottawa supporting the First Nations right to tax immunity and opposing the imposition of taxation from external governments.
- **December 8, 2009** Regional Chief Angus Toulouse presented the First Nations position, including a proposed amendment, to the federal Finance Committee in the House of Commons.
- **December 9, 2009** Provincial law is enacted in the Ontario Legislature to confirm the HST.
- **December 9, 2009** The proposed federal law, Bill C-62 passes in the House of Commons.
- **December 14, 2009** Regional Chief Angus Toulouse presented to the Senate Standing Committee on National Finance, including the proposed amendment to address First Nation concerns. The proposed federal law, Bill C-62 is now in Senate and may get passed by December 18th.

Next Steps:

First Nations leadership will meet to consider and determine which options they will pursue as part of the ongoing effort to ensure the provincial sales tax point of sale exemption is not discontinued as of July 1, 2010. These options include direct action to show government that the First Nations reject the imposition of the HST. Other options include continued lobbying of government officials and the exploration of a legal strategy going forward.

Please find a Q and A document attached to this bulletin.

For more information, please contact:
Pam Hunter
Chiefs of Ontario
416-597-1266 or at phunter@coo.org

Harmonized Sales Tax - Questions and Answers

What is the harmonized sales tax?

The harmonized sales tax is the combination of the 8% provincial retail sales tax with the 5% federal goods and services tax (GST). This will result in a new 13% tax on many products and services that were not previously taxed.

When will it come into effect?

This new measure will come into effect on July 1, 2010.

How will the harmonized sales tax affect First Nation citizens?

As of July 1, 2010, the provincial retail sales tax point of sale exemption will be eliminated. All First Nation citizens will pay 13% tax on all purchases made off reserve. The 13% tax is a result of combining the federal goods and services tax (GST) with the provincial retail sales tax (PST). First Nations citizens will not pay either tax when making purchases on reserve.

Why are First Nations opposing the imposition of this new tax?

First Nations believe they have aboriginal and treaty rights which include the right to tax immunity. First Nations in Ontario object to the imposition of taxation by other governments. Other taxes that have been imposed on First Nations, such as the Goods and Services Tax, were imposed without consultation and without First Nations consent.

Additionally, many First Nations citizens do not file tax returns and do not benefit from tax credits and other measures. Therefore, First Nations citizens will be significantly and negatively impacted by the imposition of this new tax and the elimination of the provincial point of sale exemption.

What measures has the First Nations leadership taken to address this issue?

First Nations leaders have been working diligently on this issue since March 2009. There was no consultation with First Nations even though provincial and federal governments are required to consult and accommodate First Nations when an action or decision may infringe on aboriginal and treaty rights.

Many meetings and discussions have occurred in an effort to ensure that the First Nations point of sale exemption continues in Ontario after July 1, 2010. To date, First Nation concerns have not been properly dealt with. First Nations leaders will continue to pursue this matter until First Nation concerns are addressed in a fair and just manner.