



UNION OF ONTARIO INDIANS
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HARMONIZED SALES TAX (HST)

BRIEFING NOTE

SEPTEMBER 2010

Discussions continue with Ontario on implementing the Point-of-Sale Tax Exemption for Indian status card holders who reside in Ontario.

On July 1st, 2010, when the new federal/provincial Harmonized Sales Tax (HST) came into effect and with that, the federally issued Indian status cards were not honoured at point-of-sale for goods and services.

Instead, for the months of July and August, status card holders paid the Provincial Sales Tax (PST) at the point of sale but were asked to keep all receipts where they were charged the PST portion of the HST.

Having done this, Anishinabek Nation citizens are now being asked to submit their receipts showing they paid the PST.

These receipts are to be submitted with the official refund form as found on the Ontario Ministry of Revenue website.

<http://www.rev.gov.on.ca/en/forms/general/pdf/0237.pdf>

With the submission process now officially underway, Anishinabek Nation citizens and communities are being reminded:

- Fill out Application Forms as found on the Ontario Ministry of Revenue website (see link noted above)
- Submit all receipts showing PST was paid
- If you require your receipts to be returned back to you, make sure to indicate it on the form
- Make sure you also submit a photocopy of your status card; both sides
- Allow up to 8 weeks for refund

CURRENT / ADDITIONAL POINTS FOR REFERENCE

For the most part, the federal and provincial governments have resolved many 'technical' issues that seemed to have posed a challenge in granting the continuance of the POS tax exemption, prior to their June 17th announcement to continue POS.

However, there are still some outstanding issues that are currently being discussed with the inclusion and participation of First Nation technical representatives from Provincial/Territorial Organizations (PTO) through the coordination of the Chiefs of Ontario (COO).

The Union of Ontario Indians (UOI), primarily through its Intergovernmental Affairs and Communications departments and through guidance from the Chief Operating Officer and Office of the Grand Council Chief, have been working effectively and efficiently in providing HST updates to all Anishinabek Nation communities.

The PTO First Nation technical representatives met with Ontario revenue officials this week and the following are highlights of that meeting:

- POS applies to all Indian status card holders that reside in Ontario regardless if whether they live on or off reserve.
- First Nation purchasers of take-out meals are eligible for the POS tax exemption. Where vendors of take-out food, for operational reasons, are not able to provide the POS exemption, purchasers will be eligible to apply to receive a refund of the 8% Ontario portion of the HST for qualifying purchases made on or after September 1st. Applications for a refund, accompanied by receipts, should be made to the Ontario Ministry of Revenue.
- It is important to realize that the exemption is not just policy anymore, it is law.
- The province fully expects businesses to comply with the HST POS tax exemption.
- The HST POS tax exemption works in this manner: a First Nation customer goes to a store and shows his/her Indian status card for purchases. The store provides the exemption at POS by not calculating the 8% Provincial Sales Tax (PST). The store then keeps track of what purchases were sold to First Nations and the total is then reported to the federal Canada Revenue Agency (CRA). The *federal government* then knows what the amount is that Ontario retailers sold to Indian status card holders. That total amount is then charged by the federal government back to the Province.
- Retailers need to be accountable for tax exempt purchases. This is done by the retailer confirming that the purchaser/customer is in fact POS exempt by verifying their name/photo on their Indian status card and by recording the information in their records.
- The province noted that it met with the Retail Council of Canada a number of times throughout the summer and with that, is confident that most large retailers are prepared for implementation of POS exemption. However, it was further noted that

there is a challenge in smaller retailers not being fully aware of the POS exemption or the reporting processes.

- The province has met with the larger telecommunications providers about POS tax exemption. For exemption to be processed, First Nation individuals must provide a copy of their Indian status card to the company/business. Purchases made over the Internet, by courier or phone will not be eligible for the POS tax exemption as retailers will not be able to verify that the individual has an Indian status card.
- The issue was discussed about small retailers purchasing items on a cash and carry business and being charged the HST. The Province noted that if the items are for *resale*, *they will be taxed*. Exemption is for *personal consumption only*.
- Tax exemption also applies when bringing goods across the border at customs. The Canada Border Services Agency will comply with tax exemption processes.
- For a private sale of used vehicles, First Nation citizens will not pay the PST when they go to Service Ontario to register the vehicle.
- The Province has developed a process for tax charged in error by a retailer or vendor. This process involves the First Nation individual to keep their receipt(s) for submission for a refund by the Ontario Ministry of Revenue. The Province is to provide further information on the refund application process.
- There is no penalty in law if a retailer doesn't comply with the exemption. The province states that it will have to work on a persuasive nature to ensure compliance as has been done for the past 30 years.