

**From:** [Armstrong, Glen E FIN:EX](#)  
**To:** [Goss, Jordan T FIN:EX](#)  
**Subject:** FW: Copy of Ontario FN exemption letter from Canada  
**Date:** June 17, 2010 4:35:34 PM  
**Attachments:** [image001.gif](#)  
[Duncan June 17.pdf](#)

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FYI –s.16

s.16 Read very carefully the description of the POS rebate to be provided. Feel free to call.

Cheers

Glen Armstrong  
Executive Director  
Tax Policy Branch  
Ministry of Finance  
(250) 387-9011  
Fax: 387-9061  
[glen.armstrong@gov.bc.ca](mailto:glen.armstrong@gov.bc.ca)

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**From:** Minishka, Bridget L FIN:EX  
**Sent:** Thursday, June 17, 2010 3:16 PM  
**To:** Armstrong, Glen E FIN:EX; Cole, Elizabeth FIN:EX  
**Cc:** Ingledew, Leanne FIN:EX  
**Subject:** Copy of Ontario FN exemption letter from Canada

FYI

*Bridget Minishka*  
*Tax Policy Analyst*  
*Tax Policy Branch*  
*Ministry of Finance*  
*Phone: (250) 387-3919 (NEW PHONE NUMBER)*  
*Fax: (250) 387-9061*  
*Email: [Bridget.Minishka@gov.bc.ca](mailto:Bridget.Minishka@gov.bc.ca)*

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**From:** [Neil.Mitchell@fin.gc.ca](mailto:Neil.Mitchell@fin.gc.ca) [<mailto:Neil.Mitchell@fin.gc.ca>]  
**Sent:** Thursday, June 17, 2010 2:58 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** RE: Ontario FN exemption - referring to letter from Canada

Enjoy

Neil Mitchell  
Senior Tax Policy Officer | Agent principal de la politique de l'impôt  
Intergovernmental Tax Policy, Evaluation and Research Division | Division de la politique fiscale  
intergouvernementale, de l'évaluation et de la recherche  
Tax Policy Branch | Direction de la politique de l'impôt  
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[Neil.Mitchell@fin.gc.ca](mailto:Neil.Mitchell@fin.gc.ca)  
Telephone | Téléphone 250-591-1156 / Facsimile | Télécopieur 613-947-1677 / Teletypewriter |  
Téléimprimeur 613-995-1455



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**From:** Minishka, Bridget L FIN:EX [mailto:Bridget.Minishka@gov.bc.ca]  
**Sent:** Thursday, June 17, 2010 1:47 PM  
**To:** Mitchell, Neil  
**Subject:** RE: Ontario FN exemption - referring to letter from Canada

Thanks for trying.

*Bridget Minishka  
Tax Policy Analyst  
Tax Policy Branch  
Ministry of Finance  
Phone: (250) 387-3919 (NEW PHONE NUMBER)  
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**From:** Neil.Mitchell@fin.gc.ca [mailto:Neil.Mitchell@fin.gc.ca]  
**Sent:** Thursday, June 17, 2010 1:45 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** RE: Ontario FN exemption - referring to letter from Canada

I'll do what I can. I didn't get a copy either

Neil Mitchell  
Senior Tax Policy Officer | Agent principal de la politique de l'impôt  
Intergovernmental Tax Policy, Evaluation and Research Division | Division de la politique fiscale  
intergouvernementale, de l'évaluation et de la recherche  
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Government of Canada | Gouvernement du Canada



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**From:** Minishka, Bridget L FIN:EX [mailto:Bridget.Minishka@gov.bc.ca]  
**Sent:** Thursday, June 17, 2010 1:29 PM  
**To:** Mitchell, Neil  
**Subject:** Ontario FN exemption - referring to letter from Canada

Hi Neil:

News item below refers to letter from your Finance Minister. Any chance we can get a copy?

[http://ca.news.yahoo.com/s/capress/100617/national/first\\_nations\\_hst](http://ca.news.yahoo.com/s/capress/100617/national/first_nations_hst)

Thanks,

Bridget

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

**JUN 17 2010**

2010FIN324352

The Honourable Dwight Duncan, M.P.P.  
Minister of Finance  
Government of Ontario  
7th Floor, Frost Building South  
7 Queen's Park Crescent  
Toronto, ON M7A 1Y7

Dear Minister Duncan:

Thank you for your correspondence of June 5, 2010 regarding Ontario's request to provide a point-of-sale rebate under the Harmonized Sales Tax (HST) Framework to allow for the continuation of Ontario's current approach to its point-of-sale exemption for status Indians.

The decision to adopt the HST framework is for provinces to make. Each province has the independence to make decisions they deem appropriate for their own jurisdiction's economy and residents. Ontario's government has decided to maintain the provincial exemption for status Indians and we respect this choice.

The Comprehensive Integrated Tax Coordination Agreement (CITCA) that Ontario signed has always provided the province the flexibility to designate limited point-of-sale rebates for the provincial portion of the HST, under specific conditions. Last year, I had communicated to you a firm deadline of June 30, 2009 for Ontario to inform the Government of Canada of its list of desired point of sale rebates. Although Ontario did not respect this deadline to request a rebate for First Nations, the Government of Canada has worked diligently to accommodate your decision, and the needs of Ontario First Nations.

As you are aware, since your correspondence, federal and provincial officials and First Nation representatives have met on several occasions to discuss how the federal government could facilitate your desire to maintain an Ontario point-of-sale rebate for the provincial portion of the HST for status Indians. We have discussed this issue as well and have agreed to an approach that would provide for the continuation of the existing exemption and provide a basis to help collect the data that would allow us to work towards fully integrating an Ontario point-of-sale rebate for eligible off-reserve purchases of status Indians in the HST Framework at a later date.

**Canada**

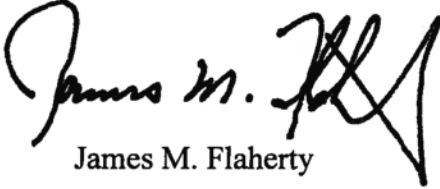
The approach, which would continue until the required data is available to fully integrate the rebate into the HST Framework, would entail the Canada Revenue Agency (CRA) processing claims from vendors in respect of a Government of Ontario point-of-sale rebate for Ontario status Indians on eligible off-reserve purchases. The key features of this approach would include the following:

- Effective September 1, 2010, at the time of sale, Ontario vendors would be allowed to rebate the provincial component of the HST for off-reserve purchases that are eligible for the provincial relief upon presentation of a valid Certificate of Indian status card, effectively resulting in only the 5 percent federal component of the HST being collected. From the First Nation's perspective, regarding eligible purchases made, this approach is the same as the existing exemption under Ontario's retail sales tax.
- Vendors would report both the 13 percent HST and 8 percent Ontario-rebated amount on the existing HST return and fill in a form to report and claim the amounts rebated. The cost of the exemption will be borne by Ontario through reduced HST payments.
- To allow for proper implementation, the Government of Ontario would implement a legal structure providing for the point-of-sale rebate effective September 1, 2010 and, at the earliest opportunity but prior to July 1st, 2010, define and announce its scope.
- The Government of Canada would put in place the legal authority and process to enable vendors to account for the Ontario rebate on the HST return and an associated rebate form effective September 1, 2010 and the CRA would communicate this information to HST registrants.
- The CRA would process the returns received from vendors in respect of the Ontario point-of-sale rebate as of September 1, 2010, at no cost to Ontario. Audit and compliance responsibility for the rebate will rest with the Province. The CRA would provide the Government of Ontario with reports on the Ontario rebates claimed and other related information so that the Government of Ontario could undertake audits or reviews as they consider appropriate.
- The rebate would count towards Ontario's 5 percent point-of-sale rebate limit.

The data obtained from vendors' returns, together with information provided by Ontario and First Nations, would make it easier for Statistics Canada to design proper surveys that should provide reliable data on eligible off-reserve purchases and for the elimination of the requirement for vendors to specifically report those purchases at a later date. In this regard, Ontario and First Nations would participate in and contribute to the development and acquisition of reliable data. The Government of Ontario would agree to cover the costs associated with the development and collection of the required data.

The Government of Canada appreciates that this is a matter of significant importance to Ontario First Nations. My officials are therefore prepared to work with your officials to quickly publicly announce the details for the implementation of Ontario's decision to continue its current provincial sales tax exemption for status Indians by way of an Ontario-provided point-of-sale rebate, effective September 1, 2010.

Sincerely,



James M. Flaherty

- c. The Honourable John Wilkinson, Minister of Revenue, Government of Ontario  
The Honourable Chris Bentley, Minister of Aboriginal Affairs, Government of Ontario  
The Honourable Monique Smith, Minister of Intergovernmental Affairs, Government of Ontario  
Angus Toulouse, Ontario Regional Chief, Chiefs of Ontario  
The Honourable Keith Ashfield, Minister of National Revenue, Government of Canada  
The Honourable Chuck Strahl, Minister of Indian Affairs and Northern Development, Government of Canada

**From:** [Armstrong, Glen E FIN:EX](#)  
**To:** [Cole, Elizabeth FIN:EX](#); [Minishka, Bridget L FIN:EX](#); [Ingledew, Leanne FIN:EX](#); [Goss, Jordan T FIN:EX](#); [Foy, Anne FIN:EX](#)  
**Cc:** [Flanagan, Paul FIN:EX](#)  
**Subject:** Fw: Point-of-Sale Rebate  
**Date:** June 18, 2010 6:47:47 AM  
**Attachments:** [Joint Ministers Letter to Toulouse - Final.pdf](#)

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Fyi

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**From:** Orsini, Steve (FIN) <[Steve.Orsini@ontario.ca](mailto:Steve.Orsini@ontario.ca)>  
**To:** Armstrong, Glen E FIN:EX; [rconstantine@gov.nl.ca](mailto:rconstantine@gov.nl.ca) <[rconstantine@gov.nl.ca](mailto:rconstantine@gov.nl.ca)>; [decostem@gov.ns.ca](mailto:decostem@gov.ns.ca) <[decostem@gov.ns.ca](mailto:decostem@gov.ns.ca)>; [James.Turgeon@gnb.ca](mailto:James.Turgeon@gnb.ca) <[James.Turgeon@gnb.ca](mailto:James.Turgeon@gnb.ca)>  
**Cc:** [Louise.Levonian@fin.gc.ca](mailto:Louise.Levonian@fin.gc.ca) <[Louise.Levonian@fin.gc.ca](mailto:Louise.Levonian@fin.gc.ca)>; [Kei.Moray@fin.gc.ca](mailto:Kei.Moray@fin.gc.ca) <[Kei.Moray@fin.gc.ca](mailto:Kei.Moray@fin.gc.ca)>; [Lise.Potvin@fin.gc.ca](mailto:Lise.Potvin@fin.gc.ca) <[Lise.Potvin@fin.gc.ca](mailto:Lise.Potvin@fin.gc.ca)>; [Nancy.Horsman@fin.gc.ca](mailto:Nancy.Horsman@fin.gc.ca) <[Nancy.Horsman@fin.gc.ca](mailto:Nancy.Horsman@fin.gc.ca)>; [Brian.Ernewein@fin.gc.ca](mailto:Brian.Ernewein@fin.gc.ca) <[Brian.Ernewein@fin.gc.ca](mailto:Brian.Ernewein@fin.gc.ca)>; [Sharon.Young@fin.gc.ca](mailto:Sharon.Young@fin.gc.ca) <[Sharon.Young@fin.gc.ca](mailto:Sharon.Young@fin.gc.ca)>; [Here is our Minister's letter to the Regional Chief.](mailto:Langleben, Ann (FIN) <Ann.Langleben@ontario.ca>; Morier, Rebecca (FIN) <Rebecca.Morier@ontario.ca></a><br/><b>Sent:</b> Fri Jun 18 05:50:21 2010<br/><b>Subject:</b> RE: Point-of-Sale Rebate</p></div><div data-bbox=)

From July 1 to August 31, the province is providing a pay and refund system for Status Indians. They will need to mail in their receipts. It is an interim measure until the CRA can get the claims processed by Sept 1.

If you have any other questions, please feel free to speak to Ann Langleben.

Steve

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**From:** [Louise.Levonian@fin.gc.ca](mailto:Louise.Levonian@fin.gc.ca) [<mailto:Louise.Levonian@fin.gc.ca>]  
**Sent:** June 18, 2010 8:21 AM  
**To:** [Glen.Armstrong@gov.bc.ca](mailto:Glen.Armstrong@gov.bc.ca); [rconstantine@gov.nl.ca](mailto:rconstantine@gov.nl.ca); [decostem@gov.ns.ca](mailto:decostem@gov.ns.ca); [James.Turgeon@gnb.ca](mailto:James.Turgeon@gnb.ca)  
**Cc:** Orsini, Steve (FIN); [Kei.Moray@fin.gc.ca](mailto:Kei.Moray@fin.gc.ca); [Lise.Potvin@fin.gc.ca](mailto:Lise.Potvin@fin.gc.ca); [Nancy.Horsman@fin.gc.ca](mailto:Nancy.Horsman@fin.gc.ca); [Brian.Ernewein@fin.gc.ca](mailto:Brian.Ernewein@fin.gc.ca); [Sharon.Young@fin.gc.ca](mailto:Sharon.Young@fin.gc.ca)  
**Subject:** Point-of-Sale Rebate

Hi everyone,

See attached letter from Minister Flaherty to Minister Duncan regarding a point-of-sale rebate for First Nations in Ontario. I would be pleased to provide further details. Please call me if you are interested.

If I don't talk with you have a great weekend.

Louise Levonian  
Assistant Deputy Minister | Sous-ministre adjoint  
Tax Policy Branch | Direction de la politique de l'impôt  
Department of Finance Canada | Ministère des Finances Canada  
Ottawa, Canada K1A 0G5  
[Louise.Levonian@fin.gc.ca](mailto:Louise.Levonian@fin.gc.ca)  
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Government of Canada | Gouvernement du Canada

**Ministry of Aboriginal Affairs**

Office of the Minister

160 Bloor Street East  
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Tel: 416-314-8693  
Fax: 416-314-2701

**Ministry of Revenue**

Office of the Minister

7 Queen's Park Crescent  
6<sup>th</sup> Floor, Frost Building South  
Toronto ON M7A 1Y7  
Tel: 416-325-0702  
Fax: 416-327-4493



June 17, 2010

Ontario Regional Chief Angus Toulouse  
Chiefs of Ontario  
111 Peter Street, Suite 804  
Toronto ON M5V 2H1

Dear Regional Chief Toulouse:

This letter is to indicate steps that we have taken collaboratively with First Nation representatives to fulfill our commitments under our Memorandum of Agreement and move forward with a point of sale exemption for First Nations under the Harmonized Sales Tax (HST). Our package of measures will be in place as of July 1, 2010, and will be in addition to the exemptions that will be provided after July 1 under the HST. These include on-reserve purchases and purchases delivered by vendors to reserve.

As you know, Ontario has worked collaboratively with First Nations and the federal government to deliver on our commitment to continue the point of sale exemption for the provincial portion of the HST. Consistent with the Memorandum of Agreement, the joint First Nation-Ontario technical table has worked with the federal government and has developed an approach that allows for the continuation of the exemption under the HST. The exemption will maintain the current practice that has been in place in Ontario for the last 30 years, and will apply to Status Indians for the purchase of eligible goods and select services off reserve.

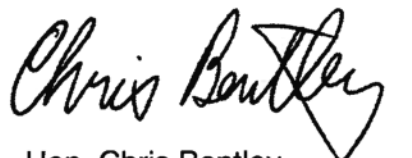
The federal government has agreed to facilitate the continuation of the current point of sale exemption by having the Canada Revenue Agency process point of sale rebate claims by vendors on eligible purchases made after August 31, 2010. This is confirmed in a letter we received from the Honourable Jim Flaherty, Minister of Finance, on June 17, copied to you. Ontario will introduce measures to put in place the legal authority for the point of sale exemption.

The point of sale exemption under the HST will be in place on September 1. In the interim, between July 1 and August 31, First Nations will be able to receive refunds after submitting receipts to the Ministry of Revenue.

Ontario is confident that this approach meets our joint commitments as set out in the Memorandum of Agreement.

Sincerely,

  
John Wilkinson  
Minister of Revenue

  
Hon. Chris Bentley  
Minister of Aboriginal Affairs