

Taxation

The Lheidli T'enneh Final Agreement was negotiated by the Government of Canada, the Government of British Columbia and the Lheidli T'enneh. The Final Agreement provides Lheidli T'enneh with certain rights and benefits regarding land and resources, and self-government over its lands and resources and its citizens. It provides certainty with respect to ownership and management of lands and resources and the exercise of federal, provincial and Lheidli T'enneh governmental powers and authorities.

The negotiation of a Final Agreement marks Stage Five of the six-stage British Columbia treaty process, and is the conclusion of substantive treaty negotiations. Once ratified by all parties, the Final Agreement will become a treaty through legislation.

It will be a constitutionally-protected, legal agreement that creates mutually binding obligations and commitments.

TAXATION AND LHEIDLI T'ENNEH

Taxation is an important element of the Lheidli T'enneh Final Agreement as it can contribute to the foundation upon which future revenue capacity for the Lheidli T'enneh government can be built. The main tax-related elements addressed through the treaty are: the tax powers of the Lheidli T'enneh government, the tax treatment of members, and the tax treatment of the Lheidli T'enneh government and of the various assets transferred or recognized under the treaty.

TAXATION POWERS OF LHEIDLI T'ENNEH

The power to tax is a basic feature of governments. Not only does it provide revenue to the First Nation,

it also serves as a means of the Lheidli T'enneh government's accountability to its taxpayers.

As a modern treaty First Nation, the Lheidli T'enneh government will have the ability to levy direct taxes on its members within its treaty settlement land, known as Lheidli T'enneh Lands. Outside of the treaty, Canada and British Columbia are prepared to negotiate how a Lheidli T'enneh tax could also apply to non-members within Lheidli T'enneh Lands.

In either case, the Lheidli T'enneh government's tax powers will not be exclusive, and will operate concurrently with the continuing tax authority of Canada and British Columbia provided in the Constitution of Canada.

Canada has already negotiated such agreements with other First Nations in Canada. Under these agreements, Canada has vacated some of its tax room – that is, agreed not to impose a portion of its taxes – in order to allow the First Nation to impose sales or personal income taxes that are fully harmonized with the taxes vacated by Canada. These agreements coordinate First Nation and federal taxes and ensure that the tax burden on taxpayers remains the same both on and off treaty settlement lands.

The Final Agreement contemplates that the Lheidli T'enneh government could enter such arrangements for the coordination and

harmonization of its taxes.

Such arrangements would allow the Lheidli T'enneh government to implement taxation in an effective and efficient manner, while avoiding the costs associated with the design, implementation and administration of an independent tax system.

REAL PROPERTY TAXES

Under an agreement with British Columbia outside the treaty, the Lheidli T'enneh government will collect all real property taxes applicable to both Lheidli T'enneh members and non-members resident on Lheidli T'enneh Lands.

This agreement will apply to all Lheidli T'enneh Lands including those that were formerly within the City of Prince George.

The Lheidli T'enneh government will be responsible for providing local services to all residents on its Lands.

The agreement stipulates that Lheidli T'enneh property taxes will be applied equally to Lheidli T'enneh citizens, and non-citizens resident on Lheidli T'enneh Lands.

NON-MEMBER REPRESENTATION FOR PROPERTY TAXATION

There will be non-member representation on any Lheidli T'enneh public institution that

makes decisions relating to property taxation matters that directly and significantly affect non-members.

The non-member representative will be selected by non-members and will have the ability to participate in discussions and vote on taxation matters that directly and significantly affect non-members. Non-members will have the same rights of appeal as members.

TAX TREATMENT OF THE LHEIDLI T'ENNEH GOVERNMENT

The tax treatment of the Lheidli T'enneh government will be addressed primarily in an agreement outside the treaty called the Tax Treatment Agreement. The

Tax Treatment Agreement will be applicable to Lheidli T'enneh Lands and will:

- » provide refunds of the federal goods and services tax and provincial sales and motor fuel taxes for non-profit or public purpose activities of the Lheidli T'enneh government; and
- » provide the Lheidli T'enneh government with the same exemption from income tax under the federal *Income Tax Act* as provided to other public bodies performing a function of government in Canada.

TAX TREATMENT OF LHEIDLI T'ENNEH CITIZENS

Under the *Indian Act*, status Indians are eligible for a tax exemption in respect of

property (including income) situated on a reserve. As the relationship between the federal and provincial governments and Lheidli T'enneh is redefined and the *Indian Act* ceases to apply after the effective date of the treaty, the tax exemption under the *Indian Act* will also cease to apply following a transition period.

The tax exemption will end for status Indians on former reserve lands after eight years for transaction (e.g. sales) taxes and 12 years for all other taxes, including income taxes, to allow affected individuals to prepare and adapt to the change in their taxable status.

Lheidli T'enneh

Lheidli T'enneh “the people from the confluence of two rivers,” is a Carrier-speaking First Nation that has traditionally occupied and used the land around Prince George, east to the Alberta border.

The main Lheidli T'enneh community is located on the Shelley reserve, 20 kilometres northeast of Prince George. The band has 429 members, about 100 of whom live on Indian Reserve No. 2 near Shelley. The majority of the other members live in Prince George.

If you would like more information about the Lheidli T'enneh Final Agreement, contact:

The logo for Canada, featuring the word "Canada" in a serif font with a small Canadian flag to the right.

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L H E I D L I T ' E N N E H F I N A L A G R E E M E N T