

TAXATION

Taxation and Tla'amin Nation

Taxation is an important element of the Tla'amin Nation (Sliammon First Nation) Final Agreement as it can contribute to the foundation upon which future revenue capacity for the Tla'amin government can be built. The main tax-related elements addressed through the Final Agreement are: the tax powers of the Tla'amin government, the tax treatment of members, and the tax treatment of the Tla'amin government and of the various assets transferred or recognized under the treaty.

Taxation powers of Tla'amin Nation

The power to tax is a basic feature of governments. Not only does it provide financial resources to deliver various programs and services, it also serves as a means of increasing the Tla'amin government's accountability to its taxpayers.

In the context of treaty negotiations, the Tla'amin government will have the ability to levy direct taxes on its members within treaty settlement lands, known as Tla'amin Lands. Outside of the treaty, Canada and British Columbia are prepared to negotiate how a Tla'amin tax could also apply to non-members within Tla'amin Lands. In either case, the Tla'amin Nation 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 – 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 the First Nation and federal taxes and ensure that the tax burden on taxpayers remains the same both on and off Tla'amin Lands. Canada Revenue Agency will continue to administer these taxes as they apply to non-member residents on Tla'amin Lands exactly as it does for all taxpayers.

The Final Agreement contemplates that the Tla'amin Nation government could enter into such arrangements for the coordination and harmonization of its taxes. Such arrangements would allow the Tla'amin Nation 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 of the treaty, the Tla'amin Nation government will collect all real property taxes applicable to both Tla'amin members and non-members resident on Tla'amin Lands. This agreement will apply to all Tla'amin Lands. The Tla'amin government will be responsible for providing local services to all

residents on Tla'amin Lands. The agreement stipulates that Tla'amin property taxes will be applied equally to Tla'amin members and non-members resident on Tla'amin Land.

Tax treatment of the Tla'amin Nation government

The tax treatment of the Tla'amin government will be addressed primarily in a non-treaty agreement called the Tax Treatment Agreement. For example, the Tax Treatment Agreement will:

- provide refunds of sales taxes and provincial motor fuel taxes for non-profit and public purpose activities of the Tla'amin government; and
- provide the Tla'amin government the same exemption from income tax under the federal Income Tax Act as provided to municipalities and other public bodies performing a function of government in Canada.

Tax treatment of Tla'amin members

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 Tla'amin Nation 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 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.

Non-member representation

There will be non-member representation on any Tla'amin public institution that makes decisions relating to 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.