

## **UPDATE FROM THE UBCIC HST COMMITTEE**

### ***BACKGROUND***

The provincial government of British Columbia announced its intentions on September 1, 2009 to adopt the proposed Harmonized Sales Tax (HST), which combines BC's 7% Provincial Sales Tax (PST) with the 5% federal Goods and Services Tax (GST). The HST will be applied to the same tax base as GST is currently applied to.

At the UBCIC Annual General Meeting in September 2009, Resolution no.2009-41 was passed in support for work regarding HST and related Tax Matters. This resolution directed the UBCIC Executive to raise concerns with the Ministries of finance of the provincial and federal governments regarding HST and its impact on BC First Nations and to call for meaningful consultation and accommodation. The resolution also directed the Executive to strike a representative Chiefs Committee and engage in further technical work around the HST.

The HST Committee was struck by Resolution no. 2009-51, and Chief Don Moses, Chief Keith Matthew, and Chief Mike LeBourdais were appointed.

### ***HST COMMITTEE WORK TO DATE***

#### **1. Communications to government**

The HST Committee assisted in letters written from the UBCIC Executive to the federal and provincial Ministers of Finance, which are attached to this update. To date, the federal Minister James Flaherty's office has responded that he does not have time to meet. The provincial Minister Colin Hansen has not yet responded. The HST Committee is considering seeking contact with the Deputy Minister.

#### **2. HST Report**

The HST Committee engaged Merle Alexander of the Boughton Law Corporation to research and write a discussion paper on the HST and its effect on BC First Nations (attached). The paper includes an overview of the HST plan, effects, and recommendations for the UBCIC Chiefs Council to consider.

The report highlights that First Nations should feel rightly frustrated in the failure of BC and Canada to consult, and that the off-reserve population will be detrimentally affected by the regressive nature of the sales tax. The report also notes potential opportunities for Aboriginal businesses, and opportunity for preferential treatment of Indian Bands and First Nations non-profit entities. The report points out that there is need for clarity to ensure around how FNST and FNGST will be affected.

The report concludes with five key issues for engagement that address ensuring adequate consultation, inclusion of First Nations voice, clarifying impacts on FNST, clarifying impacts on FNGST, and considering a non-derogation statement regarding application of s.87 of the *Indian Act*.