

Minister of Finance

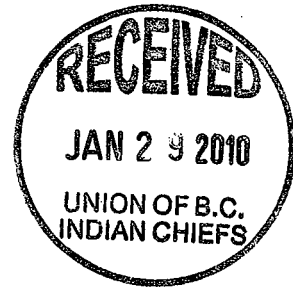


Ministre des Finances

Ottawa, Canada K1A 0G5

2009FIN304958

JAN 22 2010



Grand Chief Stewart Phillip,
 Chief William Charlie and
 Chief Robert Chamberlain
 Union of British Columbia Indian Chiefs
 5th Floor, 342 Water Street
 Vancouver, B.C.
 V6B 1B6

Dear Chiefs Phillip, Charlie and Chamberlain:

Thank you for your correspondence of December 2, 2009, which follows our earlier correspondence regarding the implementation of the proposed Harmonized Sales Tax (HST) for British Columbia (BC) and the implications for First Nations in BC.

Further to the concerns you have expressed, I would like to take this opportunity to assure you that:

- The *Indian Act* tax exemption will in fact continue to apply under the HST regime in the same way that it does now for the purpose of the Goods and Services Tax in B.C.;
- Sales tax harmonization in BC will not impede First Nation Goods and Services Tax (FNGST) or First Nation Sales Tax (FNST) arrangements between the Government of Canada and First Nations that wish to participate in these tax arrangements; and,
- Public information materials will be made available to explain the application of the GST/HST to First Nations in B.C. In addition, Finance Canada and Canada Revenue Agency officials would be pleased to respond to any specific questions or concerns you may have in this regard.

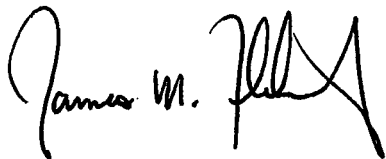
Your letter of December 2, 2009 refers to the *Indian Act* exemption and the FNGST and FNST in terms of Aboriginal and treaty rights and in terms of the formal, legal obligations to consult and possibly accommodate that may arise where Crown conduct may affect existing or potential Aboriginal or treaty rights. It is the view of the Government of Canada that the *Indian Act* tax exemption and the tax authority provided under the FNGST and FNST legislation do not constitute Aboriginal or treaty rights. Rather, these are statutory enactments of the Parliament of Canada. Moreover, sales tax harmonization in BC will not alter how these federal legislative provisions will be

applied. Accordingly, we do not agree that the formal legal duty to consult and/or accommodate is triggered by sales tax harmonization in BC. Nonetheless, I would reiterate the willingness of my officials to respond to any specific questions or concerns that you may have concerning sales tax harmonization. I also understand that officials of the Government of British Columbia are prepared to respond to your questions as they relate to provincial taxation matters.

I hope that this information is useful to you and I would encourage you to follow up with my officials, who would be pleased to discuss this matter further with you or your staff.

Thank you for communicating your concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "James M. Flaherty". The signature is stylized and cursive.

James M. Flaherty

- c. The Honourable Colin Hansen, M.L.A.
Minister of Finance and Deputy Premier, British Columbia
- c. The Honourable Jean-Pierre Blackburn, P.C., M.P.
Minister of National Revenue and Minister of State (Agriculture and Agri-Food)
- c. The Honourable Chuck Strahl, P.C., M.P.
Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians