



Canada Revenue
Agency

Agence du revenu
du Canada

First Nations Tax (FNT)

Is this booklet for you?

This booklet is for you if you sell listed products on a reserve and have to charge First Nations Tax (FNT).

This booklet is not for you if you need information on the First Nations Goods and Services Tax (FNGST). If you have to report FNGST, do not include it on Form GST499, *First Nations Tax (FNT) Schedule*. Instead, include the amount on your regular GST/HST return, Form GST34 or GST62, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return*. See the booklet *First Nations Goods and Services Tax (FNGST)*(RC4365) for more information.

Your opinion counts!

We review our publications each year. If you have any comments or suggestions that would help us improve them, we would like to hear from you.

Please send your comments to:

Client Services Directorate
Canada Revenue Agency
Lancaster Road
Ottawa ON K1A 0L5

La version française de cette publication est intitulée
Taxe des Premières nations (TPN).

What is the First Nations tax (FNT)?

The First Nations tax (FNT) is a tax on the sale of listed products on some First Nations reserves. Following recent legislation, some band councils have passed by-laws that impose FNT on listed products. A listed product refers to alcoholic beverages, fuel, and tobacco products that are specifically mentioned in the band by-law.

FNT may be referred to by a different name in the by-law. For example, it might be called a community improvement fee. We do not list these other names in this booklet but simply refer to them all as FNT.

See Appendix A for a list of the First Nations that have imposed FNT and the listed products to which FNT applies. We administer this tax on behalf of the band councils.

A First Nation may have more than one area of reserve land. It is important to note that where a band council has imposed FNT, it applies to all reserve lands of that First Nation. When we refer to **reserve** in this pamphlet, we mean a reserve where FNT applies.

On reserves where FNT applies, everyone has to pay FNT on the listed products they buy. The tax rate for FNT is 7%, the same as the goods and services tax (GST) and the federal part of the harmonized sales tax (HST). You will find more information on GST/HST in the guide called *General Information for GST/HST Registrants (RC4022)*.

Who will collect FNT?

GST/HST registrants who sell listed products on a reserve have to collect FNT. You have to register for GST/HST if:

- you provide taxable goods and services in Canada; and
- you are not a small supplier.

Taxable goods and services

Goods and services subject to GST/HST at the rate of 7%, 15%, or 0% are called taxable goods and services.

Listed products sold on a reserve are also taxable goods.

Other examples of goods and services taxable at 7% or 15% under GST/HST include the following:

- sales and leases of automobiles;
- car repairs;
- sales of soft drinks, candies, and potato chips;
- sales of clothing and footwear.

Examples of goods and services taxable at 0% under GST/HST include the following:

- sales of basic groceries (e.g., milk, bread, and vegetables);
- sales of agricultural products (e.g., wheat, grain, raw wool, unprocessed tobacco);
- sales of most fish products (e.g., fish for human consumption).

Small supplier

If you sell or provide taxable goods and services, you have to register for GST/HST and charge tax on your taxable supplies, unless you are a small supplier.

You are a small supplier if your worldwide revenues from the sale of taxable goods and services are \$30,000 or less over the immediately preceding four consecutive calendar quarters and in your current calendar quarter. Your total worldwide revenues from taxable sales **include listed products sold on a reserve**. However, they do not include sales of capital property and supplies of financial services. You also have to include all your associates' revenues when you calculate your taxable sales.

If you are a small supplier and decide not to register for GST/HST, you do not charge GST/HST or FNT to your customers and you cannot claim input tax credits to recover the GST/HST or FNT you paid or owe on your purchases and operating expenses.

If you are a small supplier and decide to register voluntarily, you have to charge GST/HST or FNT on your taxable sales and you may claim input tax credits to recover the GST/HST or FNT you paid or owe on your purchases and operating expenses.

If you are already a GST/HST registrant, you have to collect FNT on listed products sold on a reserve.

If you would like more information on how to register for GST/HST, contact us at 1-800-959-5525.

What is subject to FNT?

If you are a GST/HST registrant, all listed products you sell on a reserve are subject to FNT. A listed product refers to alcoholic beverages, fuel, and tobacco products, which are mentioned in Appendix A at the end of this pamphlet. If a listed product is bought off the reserve and

then delivered to a reserve by a GST/HST registered vendor, it will also be subject to FNT.

When FNT applies to a product, GST does not. The usual GST/HST rules will continue to apply to supplies of other goods and services on the reserve.

Alcoholic beverage means

- beer, ale, stout, porter, or malt liquor containing more than 0.5% alcohol by volume;
- wine containing more than 0.5% alcohol by volume;
- any beverage containing more than 0.5% alcohol by volume that is obtained from the distillation of grains, fruit, or other agricultural products or from the distillation of beer or wine; and
- any beverage that is a combination of the above beverages, which is suitable for human consumption, and that contains more than 0.5% alcohol by volume.

When we refer to alcohol in this pamphlet, we mean ethyl alcohol.

Fuel means

- diesel fuel, including any fuel oil that is suitable for use in internal combustion engines of the compression-ignition type, other than fuel oil that is intended for and is actually used as heating oil;
- gasoline type fuels for use in internal combustion engines; and
- propane gas.

Tobacco product means

- every article made by a tobacco manufacturer from raw leaf tobacco, by any process whatever, and includes cigarettes, tobacco sticks, and snuff;

- the leaves and stems of the tobacco plant if they have been processed further than drying and sorting; and
- cigars.

How will FNT be reported?

If you are required to collect FNT, you have to report it to us at the same time as you report GST/HST. Your GST/HST return will include the combined amounts for both taxes (GST/HST and FNT).

However, if you sell listed products from a location on a reserve, in addition to your GST/HST return, you will also have to complete Form GST499, *First Nations Tax (FNT) Schedule*, for each reporting period.

Form GST499 must be completed with your GST/HST return to show the amounts you have collected or that are collectible for GST/HST and FNT separately. The reporting period and the due date for the FNT schedule will be the same as for your GST/HST return, so you will file them together.

We will send you a personalized Form GST499, containing preprinted information about your account, with your GST/HST return. If you do not receive a personalized form, use the copy of Form GST499 included in this pamphlet.

Note

If you collect FNT, but you do not sell listed products from a location on the reserve, you do not have to complete the FNT schedule. However, you still have to include FNT in your GST/HST return, as if it were GST/HST.

How to complete Form GST499

To complete Form GST499, *First Nations Tax (FNT) Schedule*, you will need the following figures for the reporting period for which you are filing:

- GST/HST and FNT sales;
- GST/HST and FNT charged on your sales; and
- GST/HST and FNT paid or payable on your purchases.

Before completing each of the lines on Form GST499, make sure you answer the question at the top of the form. If you collect FNT on a reserve that falls under the authority of **only one** band council, enter the band council's name in the space provided at the top of the form. If you collect FNT from reserve locations that are under the authority of **more than one** band council, leave this space blank.

After completing the identification section of the form, you will have to answer the question above Chart 1. During the reporting period, if you purchased any listed products from a vendor located on a reserve for use or resale in the course of your business, tick the "yes" box. If you bought listed products from a vendor on a reserve, but none of these were for use or resale in the course of your business (e.g., they were for personal use), tick the "no" box. If you did not purchase any listed products from a vendor located on a reserve, also tick the "no" box. Once you have answered this question, you can continue completing the form by following the instructions below.

This form has two charts. If you sell listed products from reserve locations that are under the authority of **one** band council, complete Chart 1 only. Do not complete Chart 2. Read the line-by-line instructions to help you complete Chart 1.

FNT collected or collectible for more than one band council

If you sell listed products from reserve locations that are under the authority of **more than one** band council, use Chart 2 to report FNT collected or collectible **for each band separately**. Complete Chart 2 before you complete column B of Chart 1. Use a separate column to report information for each band council. Enter the band council's name at the top of each column in Chart 2. If a band council has more than one reserve, enter only the total from all the reserves for that band under the band's name in Chart 2. It is possible that you may not use all the columns in Chart 2.

For each line, add the amounts in columns b-1, b-2, and b-3, and enter the total in column b-Total. Copy the amounts from column b-Total to the same line numbers in column B of Chart 1.

For instructions on how to complete each line of Chart 2, use the line-by-line instructions for column B as explained below.

Line-by-line instructions

Complete all lines of Chart 1 and Chart 2, if applicable. Enter zero if any amounts on these lines are nil or do not apply to you. You will notice that we have added the letter A, B, or C to the instructions for each line. The letter refers to the column in Chart 1. For example, line 101A refers to line 101 of column A, line 101B refers to line 101 of column B, and line 101C refers to line 101 of column C.

Note

If you use a streamlined accounting method such as the Quick Method to calculate your net tax, contact your tax services office for more information.

Line 101A – GST/HST sales

Enter the total amount of sales of goods and services, including zero-rated sales and other revenue (excluding FNT sales), shown in your books and records. Do not include provincial sales tax, GST, HST, FNT, or any amounts reported on a previous return. Round off the amount to the nearest dollar.

Line 101B – FNT sales

Enter the total amount of sales of listed products that were subject to FNT. Do not include provincial sales tax, GST, HST, FNT, or any amounts reported on a previous FNT schedule. Round off the amount to the nearest dollar.

Note

If you charged or collected FNT from reserve locations under the authority of more than one band council, you must identify FNT separately for each council. Complete Chart 2 prior to completing column B of Chart 1.

Line 101C – Total sales

Add lines 101A and 101B, and enter the result on this line.

Line 105A – GST/HST collected or collectible

GST/HST collected or collectible

Enter the total of all GST and HST amounts you charged on goods and services for which you have to charge 7% GST, or 15% HST (including GST and HST you charged on the sale of taxable real property or capital assets, if applicable). For each reporting period, remember to include the amount of GST and HST you have charged on both collected and collectible invoices.

GST/HST adjustments

Make adjustments to your total GST/HST collected and collectible only if you have to **increase** the amount of net tax you remit for the reporting period.

For example, if you have previously decreased your net tax on a return due to recorded bad debts and have now recovered all or part of this debt, add the amount of GST or HST you have recovered based on the formula:

$$A \times \frac{B}{C}$$

where

- A** is the amount of the bad debt you recovered;
- B** is the GST or HST payable on the sale to which the bad debt relates;
- C** is the total amount of the sale, including GST and applicable provincial sales taxes, or HST.

Add any adjustments for the period, as described above, to your total amount of GST/HST collected or collectible. Enter the result on line 105A.

Line 105B – FNT collected or collectible

FNT collected or collectible

Enter the total FNT amounts you charged on listed products for which you have to charge 7% FNT.

For each reporting period, remember to include the amount of FNT you have charged on both collected and collectible invoices.

FNT adjustments

Make adjustments to your total FNT collected or collectible only if you have to **increase** the amount of net tax you remit for the reporting period.

For example, if you have previously decreased your net tax on an FNT schedule due to recorded bad debts and have now recovered all or part of this debt, add the amount of FNT you have recovered based on the formula:

$$A \times \frac{B}{C}$$

where

- A** is the amount of the bad debt you recovered;
- B** is FNT payable on the sale to which the bad debt relates;
- C** is the total amount of the sale, including FNT and applicable provincial sales taxes.

Add any adjustments for the period, as described above, to your total amount of FNT collected or collectible. Enter the result on line 105B.

Line 105C – Total GST/HST and FNT

Add lines 105A and 105B, and enter the result on this line.

Line 108A – ITCs related to GST/HST

ITCs related to GST/HST

This amount reflects GST and HST you paid or owe on the total value of goods and services you acquired or imported for use or resale in the course of your business. Enter the total of all ITCs for the reporting period, plus any ITCs you did not claim in an earlier reporting period, provided the time limit for claiming these ITCs has not expired.

GST/HST adjustments

Make adjustments to your total ITCs related to GST/HST only if you have to **decrease** the amount of net tax you remit for the reporting period.

For example, you can claim the amount of any GST and HST on bad debts you write off if you have previously accounted for and remitted the full amount of GST and HST on the supplies that resulted in those debts. You may deduct from your net tax the amount determined by the formula:

$$A \times \frac{B}{C}$$

where

- A** is the GST or HST payable on the sale;
- B** is the total amount remaining unpaid, including GST and applicable provincial sales taxes, or HST;
- C** is the total amount of the sale, including GST and applicable provincial sales taxes, or HST.

Add any adjustments for the period, as described above, to your total amount of ITCs related to GST/HST. Enter the result on line 108A.

Line 108B – ITCs related to FNT

ITCs related to FNT

This amount reflects the FNT you paid or owe on the total value of listed products you acquired for use or resale in the course of your business. Enter the total of all ITCs for the reporting period, plus any eligible ITCs you did not claim in an earlier reporting period.

If you have to complete Chart 2, the amount to be reported on line 108 for a particular band council is the FNT paid or payable on listed products you sold on reserves that are under the authority of that band council, even if you bought the product on reserves that come under the authority of other band councils.

FNT adjustments

Make adjustments to your total ITCs related to FNT only if you have to **decrease** the amount of net tax you remit for the reporting period.

For example, you can claim the amount of any FNT on bad debts you write off if you have previously accounted for and remitted the full amount of FNT on the supplies that resulted in those debts. You may deduct from your net tax the amount determined by the formula:

$$A \times \frac{B}{C}$$

where

- A** is the FNT payable on the sale;
- B** is the total amount remaining unpaid, including FNT and applicable provincial sales taxes;
- C** is the total amount of the sale, including FNT and applicable provincial sales taxes.

Add any adjustments for the period, as described above, to your total amount of ITCs related to FNT. Enter the result on line 108B.

Line 108C – Total ITCs

Add lines 108A and 108B, and enter the result on this line.

Line 109A – GST/HST net tax

Subtract line 108A from line 105A. The difference is your GST/HST net tax. Enter this amount on line 109A. If this is a negative amount, enter a minus sign to the left of the number, e.g., – \$100.

Line 109B – FNT net tax

Subtract line 108B from line 105B. The difference is your FNT net tax. Enter this amount on line 109B. If this is a negative amount, enter a minus sign to the left of the number, e.g., – \$100.

Line 109C – Total net tax

Subtract line 108C from line 105C. The difference is your total net tax. Enter this amount on line 109C. If this is a negative amount, enter a minus sign to the left of the number, e.g., – \$100.

If this calculation indicates that you have an amount owing (i.e., a positive amount) which is not paid on or before the remittance due date, we will charge you penalty and interest on the amount outstanding, minus any amounts such as instalments you have already paid on account of net tax for the reporting period.

Line 110A – GST/HST paid by instalments

Enter the total GST/HST instalment and net tax payments that you have already remitted for the reporting period. If your instalment payments included FNT, subtract the FNT part.

Line 110B – FNT paid by instalments

Enter the total FNT instalment and net tax payments that you have already remitted for the reporting period. If your instalment payments included GST/HST, subtract the GST/HST part.

Note

If you already make instalment payments and start collecting FNT, you do not have to increase your instalments immediately to account for the FNT. When you begin a new fiscal year, calculate your instalments in the usual manner. This calculation will take into account any FNT you have charged over the past year.

You may use Form GST58, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Remittance*, or GST426, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Remittance (Non-Personalized)*, to make instalment payments for both GST/HST and FNT.

Line 110C – Total paid by instalments

Add lines 110A and 110B, and enter the result on this line.

Line 111A – GST/HST rebates

See the instructions for line 111 on the back of your GST/HST return. For more information, see the guide called *General Information for GST/HST Registrants* (RC4022).

Line 111C – Total rebates

Copy the amount from line 111A.

Line 205A – GST/HST due on acquisition of real property

See the instructions for line 205 on the back of your GST/HST return. For more information, see the guide called *General Information for GST/HST Registrants* (RC4022).

Line 205C – Tax due on acquisition of real property

Copy the amount from line 205A.

Line 405A – Other tax to be self-assessed

See the instructions for line 405 on the back of your GST/HST return. For more information, see the guide called *General Information for GST/HST Registrants* (RC4022).

Line 405C – Other tax to be self-assessed

Copy the amount from line 405A.

Refund and payment (lines 114 and 115)

To determine your GST/HST refund claimed (line 114A) or your GST/HST payment (line 115A), subtract the amounts on lines 110A and 111A from the GST/HST net tax on line 109A. Add any amounts at lines 205A

and 405A. If the result of this calculation is a negative amount, you have a refund. Enter this amount on line 114A. If the result is a positive amount, enter it on line 115A.

To determine your FNT refund claimed (line 114B) or your FNT payment (line 115B), subtract the amount on line 110B from the net tax on line 109B. If the result of this calculation is a negative amount, you have a refund. Enter this amount on line 114B. If the result is a positive amount, enter it on line 115B.

To determine your total refund claimed (line 114C) or your total payment (line 115C), subtract the amounts on lines 110C and 111C from the total net tax on line 109C. Add any amounts at lines 205C and 405C. If the result of this calculation is a negative amount, you have a refund. Enter this amount on line 114C. If the result is a positive amount, enter it on line 115C.

Note

The amounts in column A and column B might be different, as you might have a refund in one column, and a payment in the other. For example, you could claim a GST/HST refund on line 114A, but have an FNT payment on line 115B. In this case, do not enter both amounts in column C. Show the net result of the two, either a total refund claimed or a total payment, on the appropriate line in column C.

Line 114A – GST/HST refund claimed

Enter the total GST/HST refund you are claiming for the reporting period, if the result of the calculation explained on page 16 is a negative amount.

Line 114B – FNT refund claimed

Enter the total FNT refund you are claiming for the reporting period, if the result of the calculation explained on page 16 is a negative amount.

Line 114C – Total refund claimed

Enter the total refund you are claiming for the reporting period, if the result of the calculation explained on page 16 is a negative amount.

Line 115A – GST/HST payment

Enter the total GST/HST payment you have to make for the reporting period, if the result of the calculation explained on page 16 is a positive amount.

Line 115B – FNT payment

Enter the total payment you have to make for FNT for the reporting period, if the result of the calculation explained on page 16 is a positive amount.

Line 115C – Total payment

Enter your total payment required for the reporting period, if the result of the calculation explained on page 16 is a positive amount.

How to complete your GST/HST return

After you have completed your FNT schedule, copy the amounts in column C of the FNT schedule to your GST/HST return. Transfer each amount from column C of your FNT schedule to the appropriate line on your GST/HST return. For example, transfer line 101C from your FNT schedule to line 101 on your GST/HST return.

After you have copied these amounts, follow the instructions on your GST/HST return for lines 112, 113A, 113B, and 113C.

You, or your authorized representative, have to sign the schedule, and file it with your GST/HST return.

You must keep copies of all documents to support your net tax calculations for audit purposes.

Send the completed forms together to the following address:

Canada Revenue Agency
Tax Centre
P.O. Box 10000, Station Terminal
Vancouver BC V6B 6M8

Note

If you choose to make your payment at your financial institution, you still have to send the FNT schedule to the above address.

Informing your customers

As with GST/HST, you have to inform your customers about FNT through signs or sales invoices.

If you need more information

If you need more information on the FNT, contact us at 1-800-959-5525.

If you do not have a GST/HST return, you can get Form GST62, *Goods and Services Tax/Harmonized Sales Tax (GST/HST) Return (Non-Personalized)* by calling 1-800-959-2221. Form GST499, *First Nations Tax (FNT) Schedule*, as well as many of our publications, is also available on the Internet. Visit our Web site at www.cra.gc.ca.

You may want to bookmark this address for easier access to our Web site in the future.

Appendix A – Listed products

The chart on the next page provides the names of the First Nations whose band councils have passed by-laws to impose FNT on their reserves.

Only the products marked with an “×” are listed products for the particular First Nation and subject to FNT when sold on its reserves. We have also indicated the effective date when the product became a listed product. If the box was left blank, the product is not a listed product for that First Nation and is not subject to FNT when sold on its reserves. In addition to those listed in the chart, other First Nations may choose to implement the FNT. We have not included them in this brochure because, at the time of printing, their band councils had not passed by-laws to impose FNT on their reserves.

First Nation	Listed products		
	Alcoholic beverages	Fuel	Tobacco products
Westbank (B.C.)	x September 1, 1999	x September 1, 1999	x February 1, 1998
Kamloops (B.C.)	x September 1, 1998	x September 1, 1998	x September 1, 1998
Sliammon (B.C.)		x September 1, 1999	x September 1, 1999
Chemainus (B.C.)	x September 1, 2000	x September 1, 2000	x September 1, 2000
Buffalo Point (Manitoba)	x October 1, 2000	x October 1, 2000	x October 1, 2000
Adams Lake (B.C.)	x May 1, 2001	x May 1, 2001	x May 1, 2001
Tzeachten (B.C.)	x July 1, 2001	x July 1, 2001	x July 1, 2001
Shuswap (B.C.)	x February 1, 2002	x February 1, 2002	x February 1, 2002
Cowichan (B.C.)	x June 1, 2002	x June 1, 2002	x June 1, 2002
Whitecap Dakota (Sask.)	x June 1, 2004	x June 1, 2004	x June 1, 2004