

Taxation

The Lheidli T'enneh Final Agreement was negotiated by the Government of Canada, the Government of British Columbia and the Lheidli T'enneh Band. It is the first Final Agreement reached in the province under the British Columbia treaty process.

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 financial resources to deliver various programs and services, it also serves as a means of the government's accountability to its taxpayers.

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 the taxes and ensure that the tax burden on taxpayers

In the context of treaty negotiations, 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

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 320 members, about 100 of whom live in Shelley. The majority of the other members live in Prince George.

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 a non-treaty agreement with British Columbia, the Lheidli T'enneh government will collect all real property taxes applicable to both Lheidli T'enneh citizens and

non-citizens 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.

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 social service and motor fuel taxes for non-profit or

public purpose activities of the Lheidli T'enneh government; and

- » provide Lheidli T'enneh government 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 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 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.

The tax exemption will be phased out 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

The Lheidli T'enneh government will include at least one representative elected from those non-members resident on Lheidli T'enneh Lands. Further, non-members residents on Lheidli T'enneh Lands may participate in the decision-making processes of a Lheidli T'enneh public institution, such as a school or health board, if the activities of that institution directly and significantly affect them.

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



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