



## Information for Off-Reserve Businesses that Sell Goods or Provide Services to Indians, Indian Bands, or Band-Empowered Entities

This version replaces the one dated February 2011.

This information sheet provides guidance for simple, everyday situations and does not replace the law. For more information, refer to Technical Information Bulletin B-039, *GST/HST Administrative Policy – Application of the GST/HST to Indians*.

This information sheet does not apply to vendors who qualify as a remote store. Information on the requirements vendors must meet to qualify as a remote store can be found in GST/HST Policy Statement P-246, *Remote stores and other off-reserve stores with significant sales to Indians, Indian bands and band-empowered entities*.

Generally, businesses located off a reserve that are GST/HST registrants must charge and collect the GST/HST on sales of taxable goods and services (other than supplies taxable at the rate of 0%, such as basic groceries). However, goods or services are relieved of the GST/HST when the requirements in B-039 are met. The requirements are summarized below.

### Goods sold to Indians, Indian bands, or band-empowered entities

An off-reserve vendor does not have to charge and collect the GST/HST on sales of goods it makes to Indians<sup>1</sup>, Indian bands, or **unincorporated** band-empowered entities if the vendor or an agent of the vendor (a common carrier) delivers the goods to a reserve. The vendor must obtain documentation verifying that the goods are being sold to an Indian, Indian band, or **unincorporated** band-empowered entity. As well, an **incorporated** band-empowered

<sup>1</sup> The CRA recognizes that many First Nations people prefer not to describe themselves as Indians. However, the term Indian is used in this document because it has a legal meaning in the *Indian Act*.

entity can acquire goods relieved of the tax if the band-empowered entity provides the vendor with a certificate stating the goods are for band management activities and the goods are delivered to a reserve by the vendor or the vendor's agent. Tax relief generally does not apply where the purchaser takes possession of the goods off a reserve even if the goods are destined to be used or consumed on a reserve.

Goods are not relieved of the GST/HST when purchasers choose to deliver the goods to the reserve themselves. Also, a carrier under contract with the purchaser is not regarded as a carrier of the vendor for delivery purposes. However, the vendor may contract with a delivery service that is owned by an Indian or an Indian band to have the goods delivered to a reserve. The goods will be relieved of the GST/HST when the vendor meets all the other requirements in B-039.

Note that effective September 1, 2010, status Indians, Indian bands, and councils of Indian bands are entitled to an exemption from paying the Ontario part of the HST on qualifying property or services at point of sale. Further information is provided in this info sheet under the heading "For Ontario only: off-reserve purchases".

### Services provided to Indians, Indian bands, or band-empowered entities

An off-reserve vendor does not have to charge and collect the GST/HST on services provided to Indians when those services are performed totally on a reserve. As well, Indian bands and band-empowered entities do not have to pay tax on services acquired on or off a reserve when the services are for band management activities or for real property on a

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reserve, and the Indian band or band-empowered entity provides the vendor with a certificate attesting to that fact. Services acquired for off-reserve real property are not relieved of tax.

There is an exception for services acquired off a reserve. Indian bands and band-empowered entities must pay the GST/HST on meals, entertainment, transportation, and accommodation (eligible travel expenses) acquired off a reserve. Indian bands and band-empowered entities may be eligible for a rebate of the tax paid on eligible travel expenses. Details can be found in B-039.

## **Vendor documentation to support eligibility for the relief of tax**

The vendor is required to verify that the sale was made to an eligible purchaser and must keep supporting documentation.

Only individuals who are registered as an Indian are eligible for the tax relief when purchasing goods from a vendor. This does not include Métis, Inuit, or Indians from the United States. The Indian would generally show their *Certificate of Indian Status* card (status card) issued by Aboriginal Affairs and Northern Development Canada (AANDC), formerly Indian and Northern Affairs Canada (INAC), to the vendor. Vendors must document the purchaser's name and registry number, or the band name and family number on each invoice or document supporting tax-relieved sales.

AANDC has recently introduced a new *Secure Certificate of Indian Status* card (SCIS card) that will improve security and reliability. For more information on the SCIS card, refer to *Frequently Asked Questions - Secure Certificate of Indian Status* on AANDC's website.

The CRA also accepts the *Temporary Confirmation of Registration Document* (TCRD) issued by AANDC as sufficient documentary evidence when making sales to Indians. The TCRD is issued to all newly registered Indians and is valid for a period of one year from the registration date by which time the Indian should have received their status card or SCIS card. The TCRD shows the name of the individual, a registration number, the effective date of registration, and the expiration date.

The Indian should show their original TCRD to the vendor. An original TCRD has the raised seal of the Indian Registrar on the bottom right-hand corner. Photocopies of the TCRD presented by an Indian do not qualify as sufficient documentary evidence. The vendor should make a notation on the invoice or other sales document that is retained by the vendor of the registration number and the expiration date of the TCRD.

If a newly registered Indian has not received their status card or SCIS card prior to the expiry date on their TCRD, the CRA will accept the expired TCRD as supporting documentation that the purchaser is an Indian. Additional photo identification could be presented along with the expired TCRD as further authentication.

GST/HST Notice 264, *Sales Made to Indians and Documentary Evidence – Temporary Confirmation of Registration Document* provides additional information regarding the TCRD.

When making tax-relieved sales to Indian bands and band-empowered entities, the vendor must obtain and keep a certificate confirming that the goods or services are being acquired by an Indian band or a band-empowered entity, and when necessary that the goods or services are being acquired for band management activities (see sample certificate in B-039).

Note that tax relief does not apply to First Nations and their citizens that have signed final or self-government agreements that end *Indian Act* tax relief. Although these First Nations may have agreed to give up tax relief rights, their members are still entitled to carry a status card because the card is also used for other purposes. For a complete list of First Nations that have given up *Indian Act* tax relief and the exceptions, refer to GST/HST Notice 238, *First Nations Having a Self-Government Agreement Ending Indian Act Tax Relief – Determining Tax Relief for Indian Members Who Are Not Citizens*.

Tax relief will also not apply on the lands or reserves of a First Nation that has implemented the First Nations Goods and Services Tax (FNGST). The FNGST is a tax imposed by First Nations that replaces the GST or the federal part of the HST. Every registrant who sells taxable goods and services on the lands where an FNGST applies will have to collect the FNGST from all purchasers, including Indians and Indian bands. Guide RC4365, *First Nations Goods*

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and Services Tax (FNGST), provides more details about the FNGST.

## Documentation to support delivery to a reserve

When a vendor delivers the goods to a reserve in its own vehicle, the vendor must keep proof that delivery was made to a reserve. The vendor must indicate the place of delivery on the invoice and document the information in the books and records it keeps. Documentation should include a vehicle log which notes mileage and the make and description of the vehicle used for the delivery, or a dispatch record if available. When the vendor has the property delivered to a reserve by an agent (a common carrier) under a contract with the vendor, the vendor must keep proof of delivery showing an address on a reserve, such as a freight bill, a waybill, or a postal receipt that clearly indicates that the place the goods were delivered to was a reserve.

## For Ontario only: off-reserve purchases

When full relief of the GST/HST is not available on off-reserve purchases, in Ontario, relief equal to the provincial part of the HST may apply to status Indians, Indian bands, and councils of Indian bands.

Effective September 1, 2010, there is relief equal to the Ontario part of the HST on qualifying off-reserve property or services at the point of sale.

For information on qualifying property and services, who is eligible for relief, and the documentary requirements to support amounts credited to purchasers who are status Indians, Indian bands, or councils of Indian bands, call the Government of Ontario at 1-866-668-8297, or refer to Government of Ontario Guide 80, *Ontario First Nations Point-of-Sale Exemptions*.

As well, GST/HST Info Sheet GI-106, *Ontario First Nations Point-of-Sale Relief – Reporting Requirements for GST/HST Registrant Suppliers*, provides additional information concerning the Ontario point-of-sale relief.

## For further information

For additional information, refer to GST/HST Technical Information Bulletin B-039, *GST/HST Administrative Policy – Application of the GST/HST to Indians*, which summarizes the CRA's administrative policy respecting GST/HST relief for Indians, Indian bands, and band-empowered entities.

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST rulings office for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation* explains how to obtain a ruling and lists the GST/HST rulings offices. If you wish to make a technical enquiry on the GST/HST by telephone, please call 1-800-959-8287.

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario, New Brunswick and Newfoundland and Labrador, 14% in Prince Edward Island and 15% in Nova Scotia. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, you may refer to GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec at 1-800-567-4692. You may also visit the Revenu Québec website to obtain general information.

All technical publications related to GST/HST are available on the CRA website at [www.cra.gc.ca/gsthstech](http://www.cra.gc.ca/gsthstech).