

Ontario First Nations get HST exemption
Module body

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By Keith Leslie, The Canadian Press

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TORONTO - The federal government agreed Thursday to Ontario's request to give First Nations a point-of-sale exemption on the harmonized sales tax, but blamed the province for mishandling the issue.

Ontario First Nations have been exempt from the provincial sales tax for decades, and were threatening road closures during next week's G8 and G20 summits if they didn't get an HST exemption.

Ontario's Liberal government has maintained it always wanted First Nations to have the right not to pay the HST at point-of-sale, and said it was Ottawa's fault the exemption hadn't been allowed.

However, in a letter obtained by The Canadian Press, dated June 17, Finance Minister Jim Flaherty says Ontario didn't bother to ask for the exemption on time, but Ottawa has decided to allow it anyway.

"The decision to adopt the HST framework is for provinces to make," Flaherty wrote to Ontario Finance Minister Dwight Duncan.

"Last year I had communicated to you a firm deadline of June 30, 2009, for Ontario to inform the government of Canada of its list of desired point-of-sale rebates. Although Ontario did not respect this deadline ... the government of Canada has worked diligently to accommodate your decision and the needs of Ontario First Nations."

Ontario Revenue Minister John Wilkinson said the province managed to secure other exemptions requested after Flaherty's deadline, and accused Ottawa of dragging its feet on the HST exemption for First Nations.

"Up until recently, the province of Ontario and the federal government were not on the same page about this," Wilkinson said in an interview.

"We were frustrated that we were unable to have First Nations, the government of Ontario and the government of Canada in the same room to work this out."

The HST takes effect July 1, less than two weeks away, but the point-of-sale exemption for First Nations won't be in place until September. Wilkinson said

talks are underway with First Nations about how to deal with the HST in July and August.

Ontario's opposition parties have maintained all along that Premier Dalton McGuinty should have fought for the point-of-sale exemption for First Nations when he negotiated other exemptions in the \$4.3-billion HST deal with Ottawa.

Progressive Conservative Leader Tim Hudak said he'll be pushing for more HST exemptions now that First Nations have secured theirs.

"Dalton McGuinty says he wants to give First Nations a break, but what about seniors who can't pay their hydro bills, or for a commuter who can't pay for gas for her car," asked Hudak.

"We're going to continue now to press for exemptions now that Dalton McGuinty has opened the door."

Wilkinson dismissed the suggestion it was the threatened protests during the G20 that prompted the deal on the HST exemption.

However, the New Democrats said that was clearly why the two governments stopped "treating First Nations like a Ping-Pong ball" on the issue.

"I'd bet dollars to doughnuts that that's exactly what's happened," said NDP Leader Andrea Horwath.

"They had to finally stop pointing fingers and start getting down to brass tacks with the G8/G20 on the horizon because they didn't want to see any significant embarrassment to the city of Toronto, nor to the province nor to the nation."

Word of the HST exemption for Ontario First Nations had other aboriginal leaders wondering why they didn't get the same treatment.

In New Brunswick, First Nations lost their exemption from provincial tax at the point-of-sale in the 1990s, before it was harmonized with the GST. Instead, they were given an exemption only if the goods were bought on or delivered to reserves.

Rick Simon, the Assembly of First Nations' regional chief for Nova Scotia and Newfoundland, said this week that aboriginal leaders in the Atlantic provinces would use the deal in Ontario to try to get negotiations for their HST exemption started again with Ottawa.

British Columbia also moves to an HST on July 1, the same day as Ontario, but B.C.'s First Nations didn't ask for the same kind of off-reserve tax exemption as in Ontario because they don't have it now.

Both provinces will continue to be exempt from taxes on reserve.