



UNION OF NOVA SCOTIA MI'KMAQ

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December 15, 2020

To: Vendors, Merchants and other Sellers of Goods

RE: Section 87 Tax Exemption for Goods Delivered to a Reserve.

Canada Revenue Agency's technical information bulletin 039, updated October 2020, notes that Status Indians are exempt from sales tax under s. 87 of the *Indian Act* for off-reserve purchases "delivered by either the vendor or an agent of the vendor" to an Indian reserve. The policy states the vendor is required to "maintain proof of delivery (for example, waybill, postal receipt or freight bill) to show that the property was delivered to a reserve." In order to keep non-essential travel minimized and minimal flow at the register, the simplest way of honouring this exemption is by designating and *contracting* the Status Indian customer as your delivery agent for that transaction. By so doing, the terms of the delivery and agency contract can deem the point of sale to be an Indian reserve rather than your off-reserve place of business. It is there (the reserve) and then (upon delivery) that the sale of goods crystalizes - thus enabling the Indian Act exemption to legitimately apply to the purchase.

The Union of Nova Scotia Mi'kmaq (UNSM) has prepared a user-friendly delivery and agency contract for those transactions where the vendor/seller chooses this arrangement. This contract asks that you, the participating vendor, pay a five-cent fee to the Status Indian customer who signs the contract. That person from that point is your agent for the delivery to a specified Indian reserve. You would then staple your copy of the receipt to the signed contract for your tax records. Liability for the goods would remain with you, the vendor/seller, until the contract ends – which is when the goods are delivered to the reserve. Both possession and ownership of the goods would only then, by the terms of the delivery and agency contract, transfer to the purchaser/recipient.

The UNSM recommends that vendors set either no minimum purchase amount or a reasonable minimum purchase amount for low-income individuals before making available this contractual arrangement. The UNSM is prepared to supply vendors with copies and/or access to these legally drafted contracts. Indeed, participating vendors ought to retain this letter as potential proof of due diligence. Participating vendors will be publicly noted as a business savvy "Treaty Friend" on our Website, generating further indigenous business and word of mouth accolades. Your cooperation is a valued gesture of friendship to our member First Nation communities.

In Peace and Friendship,

Douglas Brown, Executive Director, UNSM