



Determination of Exemption of an Indian's Employment Income

To make sure correct information is entered, we suggest that this form be filled out by the employer, in the presence of the employee.

As an employer, you can use this form to help determine if an employee's employment income is exempt from income tax. The term "employee" on this form refers only to an employee who is an Indian as defined in the Indian Act.

Read the instructions on the next page for more information on how to fill out this form.

Employee identification

Last name (please print)	Usual first name and initials	Social insurance number
Residential address including postal code		
Is the employee's residence located on a reserve?		Yes <input type="checkbox"/> No <input type="checkbox"/>

Indian status

Is the employee an Indian as defined in the Indian Act? Yes No

If yes, was the employee an Indian as defined in the Indian Act:

prior to 2011?

because of Bill C-3 (also known as the Gender Equity in Indian Registration Act)? Only income earned on or after January 31, 2011, may be exempt from tax.

because of the creation of the Qalipu Mi'kmaq First Nation Band? Only income earned on or after September 22, 2011, may be exempt from tax.

Type of exemption ^{*1}

The employee performs employment duties:

1. entirely on a reserve 2. entirely off a reserve 3. partially on and partially off a reserve

If you chose 3, indicate the percentage of the employment duties the employee performs on a reserve: _____ %

All of the employee's employment income is exempt from income tax if any one of the following situations applies. Check the appropriate box.

the employee performs **at least 90%** ^{*2} of the employment duties on a reserve (guideline 1);

the employee and the employer reside on a reserve (guideline 2);

the employee performs **more than 50%** of the employment duties on a reserve, and the employee or the employer resides on a reserve (guideline 3); or

the employee's employment duties are connected to the employer's non-commercial activities carried on exclusively for the benefit of Indians who, for the most part, reside on reserves and the employer resides on a reserve; **and** the employer is:

- an Indian band that has a reserve or a tribal council representing one or more Indian bands that have reserves; **or**
- an Indian organization controlled by one or more such bands or tribal councils and is dedicated exclusively to the social, cultural, educational, or economic development of Indians who, for the most part, reside on reserves (guideline 4).

^{*1} The type of exemption is based on the Indian Act Exemption for Employment Income Guidelines. For a full description of the Guidelines including examples of exempt income and term definitions, go to canada.ca/en/revenue-agency/services/aboriginal-peoples/indian-act-exemption-employment-income-guidelines.

^{*2} **Proration rule may apply:** When less than 90% of the duties of an employment are performed on a reserve and the employment income is not exempted by another guideline, the exemption is to be prorated. The exemption will apply to the portion of the income related to the duties performed on the reserve.

Employee certification

I certify that the information given on this form is correct and complete.

Signature _____ Date _____

Personal information is collected under the Income Tax Act to administer tax, benefits, and related programs. It may also be used for any purpose related to the enforcement of the Act such as audit, compliance and collection activities. It may be shared or verified with other federal, provincial, territorial or foreign government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the Privacy Act, individuals have the right to access their personal information, request correction, or file a complaint to the Privacy Commissioner of Canada regarding the handling of the individual's personal information. Refer to Personal Information Bank CRA PPU 120 on Info Source at canada.ca/cra-info-source.

Instructions

- The employment income from a particular employment will not be exempt from income tax where one of the main reasons for that employment relationship is to establish a connecting factor to a reserve. A connecting factor is a fact which connects income to a reserve. For example, the fact that the employer is resident on a reserve is a connecting factor.
- If the employee's circumstances change, the employee will be required to fill out a new form.
- Keep a completed form on file for each employee. We may ask to review the form to verify that the income earned qualifies to be exempt from income tax based on the circumstances of the employment.
- For information on the requirements to deduct Canada Pension Plan contributions and employment insurance premiums, and for instructions on reporting requirements, see Guide T4001, Employers' Guide – Payroll Deductions and Remittances, and Guide RC4120, Employers' Guide – Filing the T4 Slip and Summary.

Employment-related income

Employment insurance benefits, retiring allowances, Canada Pension Plan benefits, Quebec Pension Plan benefits, registered pension plan benefits, and wage-loss replacement plan benefits will be exempt from income tax when they are received as a result of employment income that was exempt from tax. If a portion of the employment income was exempt, a similar portion of these amounts will be exempt.