



## How Can I Get More Information About the FNGST?

Additional information about the FNGST is available on the Internet at [www.fin.gc.ca](http://www.fin.gc.ca) or by contacting the Aboriginal Tax Policy Section of the Department of Finance.

Phone: 613-369-9493

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*Ce document est également offert en français.*

# First Nations Goods and Services Tax

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## What Is the First Nations Goods and Services Tax?

The First Nations Goods and Services Tax (FNGST) is a tax that is applied by participating Aboriginal governments on the consumption of goods and services within their reserves or settlement lands. The FNGST is fully harmonized with the federal Goods and Services Tax (GST) and, where it applies, it effectively replaces the GST.

The FNGST can be an important source of revenue for Aboriginal governments, which may spend FNGST revenues on programs and services they choose. The FNGST promotes self-reliance and political accountability of Aboriginal governments to their members, as well as the effectiveness of the national tax system.

The FNGST is levied under an Aboriginal government's law rather than federal or provincial law, and it only applies if an Aboriginal government chooses to implement it.

The FNGST is available both to self-governing Aboriginal groups and to interested Indian Bands that continue to operate primarily under the *Indian Act*.



Grand Chief George Mackenzie signs a tax administration agreement with Canada concerning the Tlicho Goods and Services Tax.

## How Does the FNGST Work?

Participating Aboriginal governments apply the FNGST through their own tax law, as authorized by the federal *First Nations Goods and Services Tax Act* and a tax administration agreement with the Government of Canada.

The FNGST applies at the same rate as the GST to the same range of goods and services, and is administered in exactly the same way as the GST. Goods and services that are not subject to the GST—such as basic groceries and residential rents—are not subject to the FNGST.

Where the FNGST applies, the federal GST does not apply. The federal government agrees to give up GST revenues in favour of the Aboriginal government's tax. However, the tax administration agreements also include provisions to control the amount of GST revenue that Canada will give up in certain circumstances, such as where non-members make up a large proportion of the Aboriginal government's tax base.

The FNGST applies to all taxable consumption—including consumption by status Indians—that occurs on the taxing Aboriginal government's reserves or settlements lands. However, an FNGST arrangement is limited to sales tax and therefore does not affect the application of the *Indian Act* tax exemption to other federal or provincial taxes.

Under the terms of the tax administration agreement, the FNGST is collected and administered free of charge by the Canada Revenue Agency, which acts as the agent of the taxing Aboriginal government.