



**Commission de développement économique des Premières Nations du Québec et du Labrador
First Nations of Quebec and Labrador Economic Development Commission**

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Additional important information about the tax on insurance premiums

Wendake, June 2, 2015 - The First Nations of Quebec and Labrador Economic Development Commission (FNQLEDC) represents the interests of over 90 000 Aboriginal people in economic development and taxation. Its mandate, amongst others, is to inform and support its members. Important issues related to taxation in aboriginal communities were recently raised by the FNQLEDC. Among these issues, the application of the specific tax on insurance premiums continues to generate questions. Here are some more details.

The *Indian Act* provides, at section 87, that the rights of Indians on their reserve land must be respected in such a way as to not prejudice the use of their property (situated on their reserve) by the imposition of taxes. Following negotiations conducted since May 7, 2004, an *Indian resident on a reserve*, as well as *Indian bands and band-empowered entities situated on a reserve*, no longer have to pay **the specific tax on automobile and home insurance premiums**.

In order to benefit from the tax exemption on these insurance premiums, certain conditions must be met. In particular, the *Indian* must be registered under the *Indian Act* and resident on a reserve. In other words, he must be able to provide a copy of his Certificate of Indian Status and a proof of residence on a reserve. As for the *Indian bands* and the *band-empowered entities*, they must also be in a position to provide a proof that they maintain a presence on a reserve and a declaration stating that the property covered by the insurance policy is intended for the Band management activities.

As a general rule, an insurance company, as an agent of Revenu Québec, has the obligation to collect taxes, **which include the specific tax on insurance premiums**. However, in the case of an *Indian*, an *Indian Band* or a *band-empowered entity*, who acquires an insurance policy to cover an insurable property, **an insurance company is not obligated to collect the taxes (which includes the specific tax on insurance premiums)**. In this case, if an insurance company does not have the obligation to collect or remit taxes to Revenu Québec, there is a concern as to the legality of the imposition of this specific tax by the insurance company to an *Indian*, an *Indian Band* or a *band-empowered entity*, if applicable.

If an *Indian*, an *Indian band* or a *band-empowered entity* is obliged or forced to pay the specific tax on insurance premiums for whatever reason, this situation does not affect the right to ask for a reimbursement of this sum to Revenu Québec. The deadline to claim a reimbursement of this tax is four (4) years.

For any *Indian* having paid the specific tax on insurance premiums (e.g.: a dwelling situated in the reserve), you may file an application for reimbursement, by completing form *VD-403* via the Website revenuquebec.ca



About the FNQLEDC

The FNQLEDC is an organization which strives for the support, the training and the promotion of its members and its community economic development officers (CEDOs), and for the socioeconomic development of the First Nations of Quebec and Labrador.

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Source :

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