

Minister of Finance



Ministre des Finances

Ottawa, Canada K1A 0G5

2016FIN440892

SEP 01 2016

Ekwatide Raymond Tutcho
Déline Got'ine Government
P.O. Box 158
Déline, NT X0E 1G0

Dear Ekwatide :

I have signed two copies of the tax administration agreement for the Déline Got'ine Government Goods and Services Tax and I am enclosing one of them for your records. The Déline Got'ine Government Goods and Services Tax will come into effect once the *Déliné Got'iné Government Goods and Services Tax Act, 2016* is enacted and comes into force. I would appreciate receiving a certified copy of the *Déliné Got'iné Government Goods and Services Tax Act, 2016* following its enactment. Please note that the tax administration agreement will cease to have effect if the *Déliné Got'iné Government Goods and Services Tax Act, 2016* is not enacted and in force on the 31st day following the effective date of this agreement.

I believe that the exercise of tax powers by aboriginal governments is important for good governance and community development. I offer congratulations to you and your government for implementing this tax and I wish you continued success in your work.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Bill Morneau".

The Honourable Bill Morneau, P.C., M.P.

Canada

**FIRST NATIONS GOODS AND SERVICES TAX
ADMINISTRATION AGREEMENT**

BETWEEN

**The Government of Canada (“Canada”)
acting through and represented by the
Minister of Finance**

AND

**The Déliné Got’înê Government (“DGG”)
acting through and represented by the ?ekw’ahtidé

(hereinafter collectively called the “Parties”)**

WHEREAS:

The Déline Final Self-Government Agreement was brought into effect by the *Déline Final Self-Government Agreement Act*, S.C. 2015, c. 24, and the *Déline Final Self-Government Agreement Act*, S.N.W.T. 2015, c. 3;

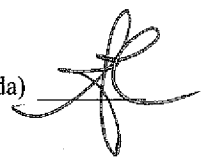
Section 22.2.1 of the taxation chapter of the Déline Final Self-Government Agreement states that the DGG has jurisdiction in relation to direct taxation of DFN Citizens within Déline Lands;

Section 22.2.2 of the taxation chapter of the Déline Final Self-Government Agreement states that, from time to time, Canada and the Government of the Northwest Territories, together or separately, may negotiate an agreement with the DGG respecting the (a) extent to which the jurisdiction under section 22.2.1 may be extended to apply to persons other than DFN Citizens, within Déline Lands; and (b) coordination of the DGG tax system with federal or Northwest Territories tax systems;

This Agreement is an agreement referred to in section 22.2.2 of the taxation chapter of the Déline Final Self-Government Agreement;

The ?ekw’ahtidé has the approval of the DGG to enter into this Agreement;

Subsection 5(2) of the *First Nations Goods and Services Tax Act* states that the Minister of Finance, with the approval of the Governor in Council, may enter into an administration agreement in respect of a value-added tax imposed under a first nation law; and



The Minister of Finance has the approval of the Governor in Council to enter into this Agreement;

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Definitions and Interpretation

1. In this Agreement:

“?ekw’ahtidé” means the ?ekw’ahtidé in accordance with the Déline Final Self-Government Agreement;

“Assessment” includes reassessment;

“Auditor General” means the Auditor General of Canada and includes, where circumstances require, any officer or class of officer authorized by the Auditor General of Canada;

“Deferred Amount” is a debt due to Canada by the DGG and means the deferred amount described in clause 23;

“Déline Final Self-Government Agreement” means the Déline Final Self-Government Agreement among the Déliné First Nation Band, the Déline Land Corporation, the Government of Canada and the Government of the Northwest Territories, signed on February 18, 2015, including any amendments made to it;

“Déline Lands” means the lands that are described opposite the name of the Déline First Nation in Schedule 1 to the Federal Act;

“DFN Citizen” means a DFN Citizen in accordance with the Déline Final Self-Government Agreement;

“DGG Act” means the *Déliné Got’îné Government Goods and Services Tax Act, 2016*, which is the act referred to in clause 5;

“Entitlement Year” means a calendar year throughout which this Agreement is in effect or, if the Agreement is in effect during only a portion of a calendar year, that portion of the calendar year;

“Excise Tax Act” means the *Excise Tax Act*, R.S.C., 1985, c. E-15;

“Federal Act” means the *First Nations Goods and Services Tax Act*, S.C. 2003, c. 15, s. 67;

“FNGST” means the tax imposed under the DGG Act;

“Income Tax Act” means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th supp.);

“Indian” has the same meaning as in subsection 2(1) of the Indian Act;

“Indian Act” means the *Indian Act*, R.S.C., 1985, c. I-5;

“Interpretation Act” means the *Interpretation Act*, R.S.C., 1985, c. I-21;

“Minister” means the Minister of Finance and includes, where circumstances require, the Deputy Minister or any officer or class of officer authorized by the Minister of Finance;

“Minister of National Revenue” means the Minister responsible for the Canada Revenue Agency and includes, where circumstances require, the Commissioner of the Canada Revenue Agency or any officer or class of officer authorized by the Minister responsible for the Canada Revenue Agency or the Commissioner of the Canada Revenue Agency;

“Net Tax Attributable” for an Entitlement Year means the amount by which the estimate of Tax Attributable to DGG for that Entitlement Year determined in accordance with Annex A exceeds Canada’s share, if any, of that estimate determined in accordance with Annex B;

“Prior Estimate Adjustment” means the difference obtained by subtracting from a re-estimate of Net Tax Attributable for an Entitlement Year the immediately preceding estimate or re-estimate of the Net Tax Attributable for that Entitlement Year;

“Tax Attributable” has the same meaning as in section 5 of the Federal Act; and

“Working Day” means a day that is not a Saturday or a holiday.

2. Unless a contrary intention appears, words and expressions used in this Agreement but not defined in clause 1 have the meanings assigned by the Federal Act or, if the words and expressions are not defined in the Federal Act, have the meanings assigned by subsection 123(1) of the Excise Tax Act.
3. The Interpretation Act applies, with such modifications as the circumstances require, to this Agreement as if it were an enactment.
4. Where a reference is made in this Agreement to an Act of Parliament, the DGG Act or any other first nation law that meets the description set out in subsection 11(1) or 12(1) of the Federal Act, or regulations made under the Act of Parliament, the DGG Act or that other law, the reference shall be read as a reference to that Act of Parliament, DGG Act, other law or those regulations, as amended from time to time.

Covenants by Canada

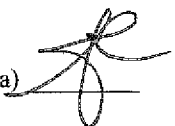
5. Canada agrees that:
 - (a) the tax power of the DGG in section 22.2.1 of the taxation chapter of the Déline Final Self-Government Agreement is extended to apply to persons other than DFN

DGG



3

Manager, Aboriginal Tax Policy (Canada)

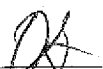


Citizens, within Déline Lands, in accordance with section 22.2.2 of the taxation chapter of the Déline Final Self-Government Agreement to the extent necessary for the DGG to enact the DGG Act;

- (b) the tax power of the DGG applies in respect of the FNGST and other amounts imposed under the DGG Act while this Agreement is in effect and in respect of amounts, other than the FNGST, imposed under the DGG Act after this Agreement ceases to have effect that relate to amounts imposed while this Agreement was in effect; and
 - (c) the DGG has the power to enact the provisions of the DGG Act that address, directly or indirectly, fines or terms of imprisonment and other matters related to enforcement, appeals and adjudication in respect of the DGG Act.
6. Canada shall act as the agent for the DGG in respect of the administration and enforcement of the DGG Act, and collect the FNGST and other amounts imposed under that act while this Agreement is in effect and amounts, other than the FNGST, imposed under that act after this Agreement ceases to have effect that relate to amounts imposed while this Agreement was in effect.
7. Canada shall account for the amounts collected under the DGG Act on behalf of the DGG by estimating the Tax Attributable and Net Tax Attributable to the DGG and shall make and account for remittances to the DGG in accordance with this Agreement.
8. Canada and its agents and subservient bodies shall comply with the obligations imposed on them under the DGG Act, including the obligation to pay and account for the amounts imposed on them under the DGG Act as if that act were applicable to Canada.

Covenants by the DGG

9. The ?ekw'ahtidé agrees that within 14 days following the effective date of this Agreement, it shall recommend to the DGG:
- (a) that it enact, within 30 days following the effective date of this Agreement, the attached draft DGG Act or an act that is similar in all material respects to the attached draft DGG Act; and
 - (b) that the DGG Act come into force on the day of its enactment.
10. The DGG agrees that the obligations, authorities, rights and privileges imposed upon or granted to a person under the DGG Act shall not depend on whether that person is a DFN Citizen, an Indian or another person.
11. The DGG agrees that the DGG Act shall be consistent with section 12 of the Federal Act. The DGG shall ensure that the DGG Act provides the Minister of National Revenue with sufficient authority to administer and enforce that act in accordance with this Agreement, including the authority to collect the FNGST and other amounts imposed under that act.



12. The DGG shall provide the Minister in a timely manner with a certified true copy of:
 - (a) the DGG Act, following its enactment; and
 - (b) any amendment to the DGG Act, following its enactment.
13. The DGG and its agents and subservient bodies shall comply with Part IX of the Excise Tax Act, the Federal Act, the DGG Act and any other first nation law that meets the description set out in subsection 11(1) or 12(1) of the Federal Act.
14. The DGG and its agents and subservient bodies shall pay and account for the amounts imposed under Part IX of the Excise Tax Act, the Federal Act, the DGG Act or any other first nation law that meets the description set out in subsection 11(1) or 12(1) of the Federal Act, except if the amounts are not payable by reason of a separate agreement given effect under an Act of Parliament.

Revenue Estimation

15. The Parties agree to use data outlined in Annex A and Annex B in order to prepare the estimates and re-estimates described below. The Parties recognize, however, that the data available may not be optimal in all instances.
16. Prior to the beginning of each particular Entitlement Year, the Minister shall make, in accordance with the provisions in Annex A, an estimate for that Entitlement Year of the Tax Attributable to the DGG.
17. The sharing, if any, between the DGG and Canada of the amount estimated as Tax Attributable to the DGG for an Entitlement Year shall be calculated in accordance with the provisions in Annex B.
18. An estimate of Net Tax Attributable for each particular Entitlement Year shall be made by subtracting, from the estimate of the Tax Attributable to the DGG determined under Annex A for the particular Entitlement Year, the estimate of Canada's share, if any, determined under Annex B for that particular Entitlement Year.
19. Not later than the last day of February of the third and fifth calendar years following the particular Entitlement Year, or as soon thereafter as is practical, the Minister shall re-estimate, using the procedure set out in clause 18, the Net Tax Attributable to the DGG for that particular Entitlement Year for the purpose of calculating in each of those years a Prior Estimate Adjustment for that particular Entitlement Year.
20. The Net Tax Attributable for a particular Entitlement Year shall be final and no further adjustments shall be made following the commencement of remittances incorporating the Prior Estimate Adjustment in respect of the second re-estimate for that year, subject to the Minister incorporating any adjustments that may be required to the second re-estimate as set out in the report prepared by the Auditor General that is referred to in clause 30.

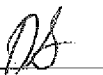
Remittances

21. The Minister shall remit to the DGG on a monthly basis positive amounts in respect of a particular Entitlement Year determined by the formula:

$$[(A - B) / D] + [C / D]$$

where

- A is the amount estimated under clause 16 for that particular Entitlement Year;
- B is the amount of Canada's share determined under clause 17 for that particular Entitlement Year;
- C is the sum of the current Prior Estimate Adjustments made in respect of any of the five Entitlement Years immediately preceding that particular Entitlement Year that are open for re-estimation and adjustment or, if there are fewer than five Entitlement Years preceding the particular Entitlement Year, in respect of all the Entitlement Years immediately preceding the particular Entitlement Year that are currently open for re-estimation and adjustment; and
- D is the number of months anticipated to be in that particular Entitlement Year.
22. If the result of the formula in clause 21 in respect of a particular Entitlement Year is negative, that amount multiplied by the number of months anticipated in the formula to be in that Entitlement Year is a debt due to Canada payable by the DGG, subject to clause 23, within that Entitlement Year.
23. If the sum of the Prior Estimate Adjustments in the formula in clause 21 is negative and less than 20 percent of Net Tax Attributable to the DGG for a particular Entitlement Year, the Parties may agree to defer the repayment of a portion (hereinafter referred to as the "Deferred Amount") of the total of the Prior Estimate Adjustments or, if the sum of the Prior Estimate Adjustments is negative and equal to or greater than 20 percent of Net Tax Attributable to the DGG for that year, the Minister may defer the repayment of a portion (also referred to as the "Deferred Amount") of the total of the Prior Estimate Adjustments and, unless otherwise agreed by the Parties, the Deferred Amount shall be repaid to Canada by the DGG during the two Entitlement Years following the particular Entitlement Year.
24. Canada shall retain as its property an amount imposed under the DGG Act if that amount:
- (a) is not Tax Attributable to the DGG; or
 - (b) is included in Canada's share of the estimate of Tax Attributable to the DGG in accordance with clause 17.
25. Prior to each particular Entitlement Year, or as soon thereafter as is practical, the Assistant Deputy Minister or any authorized officer or class of officer of the Tax Policy Branch of the Department of Finance shall provide the DGG with a written statement for review



concerning remittances in respect of that Entitlement Year that includes the following information:

- (a) the estimated Tax Attributable to the DGG for that year, as determined under clause 16;
 - (b) Canada's share of the estimated Tax Attributable to the DGG for that year, as determined under clause 17;
 - (c) the Prior Estimate Adjustments, if any, included in determining the remittances for that year;
 - (d) Deferred Amounts, if any, included in determining the remittances for that year;
 - (e) the Population of Relevance for that year as defined in and for the purposes of Annex B; and
 - (f) the remittances for that year.
26. The first remittance made to the DGG in respect of a particular Entitlement Year shall be made on or before the last Working Day of the month following the first month of that particular Entitlement Year or as soon thereafter as is practical. Subsequent remittances in respect of the particular Entitlement Year shall be made on or before the last Working Day of each month thereafter, or as soon thereafter as is practical, for the number of months equal to one less than the number of months in that particular Entitlement Year.
27. The Parties agree that, in respect of FNGST that is imposed while this Agreement is in effect, the Minister may pay to a person any refund, rebate or other amount that is payable in accordance with the DGG Act.
28. If no amount is held on behalf of the DGG from which payment under clause 27 may be made in accordance with this Agreement, or the amount of the payment exceeds the amount so held, Canada agrees to make the payment as a recoverable advance and the DGG agrees that the advance shall be recovered against amounts of FNGST subsequently collected on behalf of the DGG.
29. In the event that this Agreement is terminated, unless the Parties agree otherwise:
- (a) the remittance in the month in which the Agreement is terminated shall remain the same as set out in the last written statement provided under clause 25 prior to termination;
 - (b) the remittance in the month that follows the month in which the Agreement is terminated shall be adjusted as required to reflect the termination of the Agreement; and
 - (c) re-estimations and prior estimate adjustments for Entitlement Years that would have remained open for re-estimation if the Agreement continued in effect shall continue as if the Agreement were in effect and the Minister shall continue to pay or recover adjustments until the Net Tax Attributable for the Entitlement Year in which the



Agreement is terminated is final, subject to the Minister paying or recovering, as the case may be, any adjustments that may be required for the second re-estimate for the Entitlement Year in which the Agreement is terminated, as set out in the report prepared by the Auditor General for that Entitlement Year.

Reporting

30. The Minister shall provide the DGG with each report prepared by the Auditor General concerning the final determination, in accordance with clause 20, of Net Tax Attributable to the DGG for each Entitlement Year and the remittances in respect of each Entitlement Year.
31. The statements provided under clause 25 and the reports provided under clause 30 shall be the only statements or reports provided to the DGG by Canada in respect of amounts collected in accordance with this Agreement.
32. The procedures carried out to prepare the Auditor General's reports shall be determined by the Auditor General and shall constitute the only procedures conducted by Canada with respect to the reporting obligations in connection with the determination of amounts as provided for in this Agreement. The DGG agrees that it has no right to inspect the books and records of Canada in connection with this Agreement.
33. Unless the Parties agree otherwise, if a report prepared by the Auditor General in accordance with clause 30 indicates that the remittances for a particular Entitlement Year including the Prior Estimate Adjustments based on the re-estimates in respect of the particular Entitlement Year should be adjusted, the adjustment shall be incorporated as soon thereafter as is practical into the remittances in respect of an Entitlement Year that follows the particular Entitlement Year.

Administration

34. The Parties agree that the Minister of National Revenue shall have and may exercise all the powers of the DGG relating to the administration and enforcement of the DGG Act, including the collection of the FNGST and other amounts imposed under that act while this Agreement is in effect and the collection of amounts, other than the FNGST, imposed under that act after this Agreement ceases to have effect that relate to amounts imposed while this Agreement was in effect.
35. The DGG agrees that the Minister of National Revenue shall be the administrative authority in respect of the FNGST, including all interpretations, Assessments, determinations, decisions, and any other matter related to administration, collection or enforcement.
36. Canada shall administer the DGG Act free of charge for the DGG and Canada shall pay the costs, charges or expenses (including amounts in respect of prosecutions or other legal proceedings, other than amounts referred to in clause 38) that are incurred by Canada in the

administration and enforcement of the DGG Act and the collection of the FNGST and other amounts imposed under that act.

37. Canada shall retain interest and penalties that are imposed under the DGG Act and collected by the Minister of National Revenue.
38. Unless otherwise agreed by the Parties, the DGG shall pay its own costs, charges and expenses incurred in relation to litigation to which the DGG becomes a party, either voluntarily or because a party other than Canada requires it, relating to the validity of this Agreement, the Federal Act or the DGG Act.
39. If this Agreement ceases at any time to have effect, the Minister of National Revenue shall continue after that time to assess, collect or pay, as the case requires, amounts payable under the DGG Act in respect of the period in which this Agreement was in effect and amounts, other than the FNGST, imposed under that act after this Agreement ceases to have effect that relate to amounts imposed while this Agreement was in effect.
40. The Minister of National Revenue may provide to the DGG information acquired in the administration and enforcement of the DGG Act or, subject to section 295 of the Excise Tax Act, Part IX of the Excise Tax Act. Such information shall be provided free of charge.
41. The DGG, subject to any applicable confidentiality or privacy obligations, shall provide to Canada, free of charge, information that it acquires that could assist in the administration and enforcement of the DGG Act, the collection of amounts payable under that act, or the estimation of payments to be made under this Agreement. Canada agrees that any information made available by the DGG shall not be used for any purpose other than the purpose for which it was provided.
42. Except in its capacity as a registrant or a person required to pay or entitled to receive amounts under the DGG Act, the DGG shall accept as final and binding all interpretations, Assessments, determinations, decisions, and other actions made or taken by the Minister of National Revenue for the purposes of the DGG Act.
43. For the purposes of section 8 of the Federal Act, the ?ekw'ahtidé, as per section 14 of the DGG Act, is authorized to certify the DGG Act to be a true copy and evidence that the act was duly enacted by the DGG.

DGG Act

44. Canada shall notify the DGG in writing that the DGG Act requires amendment, where, in the opinion of the Minister, the DGG Act does not:
 - (a) comply with this Agreement;
 - (b) provide the Minister of National Revenue with authority sufficient to administer and enforce that act and to collect amounts imposed under that act;

- (c) admit of sufficient uniformity as between the administration and enforcement of Part IX of the Excise Tax Act and the DGG Act; or
- (d) respect the covenants set out in clauses 10 or 11.

45. Upon receipt of the notice referred to in clause 44, the ?ekw'ahtidé agrees to propose forthwith to the DGG an amendment to the DGG Act to rectify the deficiencies identified in the notice referred to in clause 44.
46. The Parties agree that if the DGG Act is not amended to rectify the deficiencies identified in the notice referred to in clause 44, the Minister may terminate this Agreement:
- (a) forthwith, where that notice provides that the DGG Act does not respect the covenants set out in clauses 10 or 11; or
 - (b) in any other case, not less than six months following receipt of the notice.

Repeal of DGG Act

47. Unless the Minister agrees otherwise, the DGG shall provide the Minister with at least six months' notice of the date on which it intends to repeal the DGG Act, and shall provide the Minister with notice that the DGG Act has been repealed within 10 days following the repeal.

Dispute Resolution

48. In the event of a dispute between the Parties arising out of or in connection with this Agreement, other than disputes in respect of clause 10, 11, 42, 45, 46, 54 or 55, the Parties shall follow the procedure set out in subclauses (a) through (d) before pursuing other legal remedies.
- (a) Within 30 days of either the Minister or the ?ekw'ahtidé receiving written notice from the other of a dispute under this Agreement, the Parties shall convene a first meeting to attempt in good faith to settle the dispute.
 - (b) If, within 60 days after the meeting referred to in subclause (a), the Parties have failed to resolve the dispute, they shall submit the dispute to a jointly selected mediator and share equally the costs of that mediation.
 - (c) If, after 30 days following the period referred to in subclause (b), the Parties are unable to agree on the choice of a mediator, the matter shall be referred to a judge of the Supreme Court of the Northwest Territories who shall be asked to select at his or her discretion a mediator from a list of four candidates, each Party having nominated two candidates out of the four proposed.
 - (d) The Parties agree to participate in good faith in the mediation process for a period of 60 days once a mediator has been selected.
49. The Parties agree that a decision arising from the dispute resolution process under clause 48 concerning a dispute in respect of the amount of money due to either Party for an Entitlement

Year shall be implemented, notwithstanding clause 20, if written notice of the dispute is provided at any time during the period that begins at the beginning of the Entitlement Year and ends at the end of the sixth month in the fifth calendar year following the Entitlement Year.

50. The Parties may mutually determine time periods other than those referred to in clause 48.

Amendment

51. Either Party may at any time request the other Party to review this Agreement and to consider amendments to this Agreement.

52. Subject to any applicable approvals, authorizations or legislative requirements, the Parties may, in writing, amend or vary this Agreement.

Termination

53. The Parties may mutually agree to terminate this Agreement at any time on such terms as may be agreed upon by the Parties.

54. The DGG may terminate this Agreement by giving the Minister not less than six months' written notice of its intention to terminate the Agreement, including the date upon which this Agreement shall end.

55. Except where clause 46 applies, the Minister may terminate this Agreement by giving the DGG not less than six months' written notice of the Minister's intention to terminate the Agreement, including the date upon which this Agreement shall end.

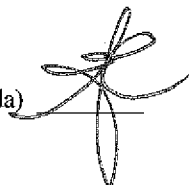

No Assignment

56. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned, either in whole or in part, by either Party.

Saving

57. Nothing in this Agreement shall limit or restrict, or be construed as limiting or restricting, Canada's right to alter or vary, in such manner as Canada may determine, the Federal Act or Part IX of the Excise Tax Act.

58. Nothing in this Agreement shall constitute or be construed as constituting an undertaking by Canada to collect the FNGST or any other amount payable under the DGG Act or to take any action with respect to the collection of those amounts where Canada has provided notice that, in the opinion of the Minister, the DGG has not provided sufficient statutory or other authority for the imposition or collection of those amounts.



59. Where Canada does not collect the FNGST or any other amount payable under the DGG Act by reason of there being, in the opinion of the Minister, doubtful authority to do so and notice has been served in accordance with clause 44, the amount that, in the opinion of the Minister, Canada has thereby failed to collect but that has been taken into account in determining a payment to the DGG made under this Agreement may be recovered by Canada as a debt due to Canada by the DGG, notwithstanding that such payment was made to the DGG as if there were sufficient authority.

Term

60. The effective date of this Agreement is the latter of the dates when it is signed by the Parties.

61. This Agreement shall end:

- (a) automatically on the 31st day following the effective date of the Agreement if the DGG has not enacted the attached draft DGG Act or an act that is similar in all material respects to the attached draft DGG Act; or
- (b) automatically on the 15th day following the enactment of the DGG Act if the DGG Act is not in force; or
- (c) in the case of termination in accordance with clause 53, on the date agreed to by the Parties; or
- (d) in the case of termination by the DGG in accordance with clause 54, on the date specified in the notice given by DGG; or
- (e) in the case of termination by Canada in accordance with clause 55, on the date specified in the notice given by Canada; or
- (f) in the case of termination by Canada in accordance with clause 46, on the date determined in accordance with clause 46.

Signature

62. This Agreement may be executed in counterparts each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and this Agreement shall be effective on the date set out in clause 60. Facsimile and scanned signatures shall be accepted the same as original signatures.

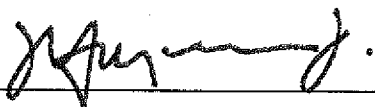
For the DGG

For the Government of Canada


Signed on this _____ day of _____, 201 _____,

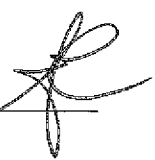
Signed on this 1st day of September, 2016,

 ?ekw'ahtidé, DGG



 Minister of Finance

DGG 

Manager, Aboriginal Tax Policy (Canada) 

Annex A – Simplified Revenue Estimation Method

1. In this annex:

“Census” means a census of population or a voluntary, national household survey conducted by Statistics Canada in respect of a province, territory or first nation, as the circumstances may require;

“Final Estimate” means an estimate that is not subject to re-estimation or adjustment and that is based on data that are published as final data or otherwise deemed to be final by the agency that provides the data;

“GST Credit” means an amount equivalent to the aggregate of all amounts that are deemed, under section 122.5 of the Income Tax Act, to have been paid in respect of a calendar year by individuals that are, for the purposes of that Act, residing within the Northwest Territories; and

“Interim Estimate” means an estimate that is subject to re-estimation or adjustment and that incorporates data other than final data or data that are deemed to be final.

2. In this Agreement, Interim and Final Estimates of Tax Attributable to the DGG for an Entitlement Year shall be determined as follows:

$$ETA_{DGG} = \text{NetGST} * \text{RELPOP} * \text{RELINC} * (\text{DEY} / \text{DCY})$$


where

ETA_{DGG} is an Interim Estimate or Final Estimate of Tax Attributable to the DGG;

NetGST is the net amount of GST for the Northwest Territories for that Entitlement Year less an amount equal to the GST Credit for the Northwest Territories for that Entitlement Year, both of which amounts are as determined in accordance with clause 3 of this annex;

RELPOP, as determined in accordance with clause 4 of this annex, means the number of individuals of age 15 years and older residing, on December 31 of the calendar year immediately preceding the Entitlement Year, within the lands where the DGG Act applies divided by the total population of individuals of age 15 years and older residing, on December 31 of the calendar year immediately preceding the Entitlement Year, within the Northwest Territories;

RELINC, as determined in accordance with clause 5 of this annex, means the average income of individuals residing, on December 31 of the calendar year immediately preceding the Entitlement Year, within the lands where the DGG Act applies divided



by the average income of individuals residing, on December 31 of the calendar year immediately preceding the Entitlement Year, within the Northwest Territories;

DEY is the number of days in the Entitlement Year; and

DCY is the number of days in the calendar year that includes the Entitlement Year.

3. Unless otherwise agreed by the Parties:

- (a) for the purpose of making an Interim Estimate of NetGST for an Entitlement Year, the net amount of GST for the Northwest Territories for that Entitlement Year shall be based on preliminary Provincial Input-Output Tables ("PIOTs") prepared by Statistics Canada for the calendar year that includes that Entitlement Year or, where preliminary PIOTs are not available for the calendar year that includes the Entitlement Year, on preliminary or final PIOTs for other years together with any adjustments that the Minister believes shall yield a more accurate estimate of the net amount of GST for the Northwest Territories for that Entitlement Year;
- (b) for the purpose of making the Final Estimate of NetGST for an Entitlement Year, the net amount of GST for the Northwest Territories for that Entitlement Year shall be based on the final PIOTs prepared by Statistics Canada for the calendar year that includes that Entitlement Year;
- (c) for the purpose of making an Interim Estimate of NetGST for an Entitlement Year, an Interim Estimate of the GST Credit for that Entitlement Year shall be based on the Canada Revenue Agency's Interim or Final Estimate for the territory in respect of the calendar year that includes that Entitlement Year or, where Interim or Final Estimates in respect of the calendar year that includes the Entitlement Year are not available, on the Interim or Final Estimates for other years together with any adjustments that the Minister believes shall yield a more accurate estimate of the GST Credit for that Entitlement Year; and
- (d) for the purpose of making the Final Estimate of NetGST for an Entitlement Year, the Final Estimate of the GST Credit for that Entitlement Year shall be based on the tax administration data applicable to the territory for the calendar year that includes that Entitlement Year as provided by the Canada Revenue Agency for public use as, or as otherwise deemed by the Canada Revenue Agency to be, the final GST Credit statistics in respect of the calendar year that includes that Entitlement Year.

4. Unless otherwise agreed by the Parties:

- (a) Interim and Final Estimates of RELPOP for an Entitlement Year shall be based on data obtained from a Census;
- (b) subject to subclause (c), where the Final Estimate of RELPOP is based on data obtained from a Census, the Census data shall be used for determining the Final Estimate of RELPOP for all Entitlement Years in the period that begins two years before and ends two years after the year in which the Census is conducted; and

- (c) as a transitional measure, the Interim Estimate of RELPOP used in making the first Interim Estimate of ETA_{DGG} for each of the first five Entitlement Years covered by this Agreement shall not be re-estimated or adjusted when subsequent Interim Estimates or Final Estimates are made in respect of each of those Entitlement Years.

5. Unless otherwise agreed by the Parties:

- (a) Interim and Final Estimates of RELINC for an Entitlement Year shall be based on regional income data or data obtained from a Census;
- (b) subject to subclause (c), where the Final Estimate of RELINC is based on data obtained from a Census, the Census data shall be used for determining the Final Estimate of RELINC for all Entitlement Years in the period that begins two years before and ends two years after the year in which the Census is conducted; and
- (c) as a transitional measure, the Interim Estimate of RELINC used in making the first Interim Estimate of ETA_{DGG} for each of the first five Entitlement Years covered by this Agreement shall not be re-estimated or adjusted when subsequent Interim Estimates or Final Estimates are made in respect of each of those Entitlement Years.

6. In deciding whether the use of data other than data mentioned in clause 4 or 5 would be more appropriate for estimating RELPOP or RELINC, consideration shall be given to:

- (a) biases and measurement errors affecting data quality;
- (b) frequency of the data collection;
- (c) the extent to which the data represent the populations described in the definitions of RELPOP and RELINC;
- (d) verifiability by third parties;
- (e) availability at reasonable cost; and
- (f) consistency of data sources with those used in other tax administration agreements that are similar to this Agreement.

Annex B – Revenue Sharing Mechanism

1. In this annex:

“Average Net GST Per Canadian” (AvNetGSTpC) for an Entitlement Year is the total amount of net GST for Canada for that Entitlement Year divided by the total population of Canada for that Entitlement Year, where:

- (a) the net GST for Canada for the Entitlement Year is determined in accordance with paragraphs 3(a) and (b) of Annex A, with such modifications that are required in the circumstances to reflect national rather than provincial or territorial circumstances; and
- (b) the total population for Canada for the Entitlement Year is the population for Canada published by Statistics Canada in respect of the calendar year that includes the Entitlement Year;

“DCY” is the number of days in the calendar year that includes the Entitlement Year;

“DEY” is the number of days in the Entitlement Year;

“Estimate of Tax Attributable to the DGG” for an Entitlement Year is an Interim or Final Estimate of Tax Attributable to the DGG for that Entitlement Year determined pursuant to Annex A;

“Population of Relevance” (PofR) for an Entitlement Year is the sum of:

- (a) the number, as agreed by the Parties, of DFN Citizens residing, at December 31 of the calendar year immediately preceding the Entitlement Year, within the lands where the DGG Act applies, and
- (b) the number, as agreed by the Parties, of Indians residing, at December 31 of the calendar year immediately preceding the Entitlement Year, within the lands where the DGG Act applies, who are not DFN Citizens;

“Threshold 1” for an Entitlement Year is an amount equal to:

$$2 * (\text{AvNetGSTpC}) * (\text{PofR}) * (\text{DEY} / \text{DCY});$$

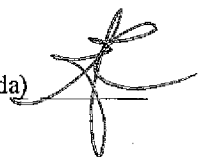
“Threshold 2” for an Entitlement Year is an amount equal to:

$$8 * (\text{AvNetGSTpC}) * (\text{PofR}) * (\text{DEY} / \text{DCY}).$$

2. For each estimate of Tax Attributable to the DGG for an Entitlement Year, Canada’s share shall be determined as follows:

$$\text{Canada's share} = [(0.00 * A) + (0.50 * B) + (0.95 * C)]$$

where



- A is the lesser of Threshold 1 and the Estimate of Tax Attributable to the DGG, for that Entitlement Year;
- B is
- (a) the result obtained by subtracting Threshold 1 from Threshold 2, for that Entitlement Year, where the Estimate of Tax Attributable to the DGG is greater than or equal to Threshold 2, for that Entitlement Year,
 - (b) the result obtained by subtracting Threshold 1 from the Estimate of Tax Attributable to the DGG, for that Entitlement Year, where the Estimate of Tax Attributable to the DGG is greater than Threshold 1 but less than Threshold 2, for that Entitlement Year, and
 - (c) nil in any other case; and
- C is
- (a) the result obtained by subtracting Threshold 2 from the Estimate of Tax Attributable to the DGG, for that Entitlement Year, where the Estimate of Tax Attributable to the DGG is greater than Threshold 2, for that Entitlement Year, and
 - (b) nil in any other case.

