



Factsheet #8

Self-Government and taxation

The Délıne Final Self-Government Agreement (FSGA) says a number of important things about taxation. Some parts have to do with the tax rules that will apply to the new Délıne Got'ıne Government (DGG) and some parts have to do with how Délıne First Nation members will be taxed and where the taxes they pay will go.

Taxation is an important part of self-government, because:

- *Part of the DGG's Own Source Revenues will come from taxes*
- *The DGG will benefit from favorable tax rules*
- *The taxes the DGG receives will help it operate its administration, programs and services*

Taxing citizens

The DGG will be able to tax Délıne First Nation (DFN) Citizens in the community of Délıne and on Settlement Lands. It will also be able to make agreements with Canada to tax non-DFN Citizens in the same area.

There would be no increase in income taxes on Délıne residents. Canada would continue to collect income taxes. It would then give the DGG 95% of what it collects in federal taxes. It is estimated that about \$1.5 Million in taxes will be transferred to the DGG in the first year.

The DGG will also receive GST. It is estimated that the DGG would receive \$360,000 of GST revenue in the first year. This is based on Canada's estimate of what people in Délıne pay in GST each year.

The DGG would use the taxes to fund its programs and services.

The DGG: Favorable tax treatment

The DGG will be a government. Therefore it will not pay GST for what it purchases to operate government activities in the community of Délı̄ne and on Settlement Lands. The DGG will not pay property tax on lands it owns that remain undeveloped, or on lands used for a public purpose.

The DGG will not have to pay tax on activities and earnings of land claim assets. This is an important benefit because the way things are today, some of the earnings of land claim assets are taxable.

Again, these savings will leave more money available to fund DGG or land claim programs and services.

Individual tax changes: Section 87 of the Indian Act

Under Section 87 of the *Indian Act*, Status Indians are exempt from paying tax on income earned on reserve, and exempt from paying sales tax for goods purchased on reserves. This will change, but a long transition period has been allowed for the change.

Eight years after self government comes into effect, Délı̄ne First Nation members will no longer be eligible for the exemption from sales taxes such as GST, fuel and tobacco taxes. After 12 years, they will not be exempt from paying tax on income earned on reserves.

As Délı̄ne is not a reserve, many Délı̄ne First Nation members already pay income taxes and GST.

An important change under self-government is that instead of Canada or GNWT controlling decisions about funding programs, these tax dollars will allow the DGG to better meet the community's needs.