

NUNATASIAVUT ASSEMBLY

NUNATSIAVUT PERSONAL INCOME TAX ACT

**AN INUIT LAW RESPECTING INCOME TAX PAYABLE BY INDIVIDUALS
RESIDING WITHIN LABRADOR INUIT LANDS AND THE INUIT COMMUNITIES
AND TO PROVIDE FOR THE ADMINISTRATION AND COLLECTION OF THE
INCOME TAX**

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Whereas Chapter 20 of the Labrador Inuit Land Claims Agreement provides that the Nunatsiavut Government may make laws in relation to direct taxation of Inuit within Labrador Inuit Lands and the Inuit Communities in order to raise revenue for Nunatsiavut Government purposes; and

Whereas it is desirable to levy an income tax on Inuit within Labrador Inuit Lands and the Inuit communities in order to raise revenues for Nunatsiavut Government purposes; and

Whereas section 7.4.1 of the Labrador Inuit Constitution provides that the Nunatsiavut Assembly may not levy any tax unless it has first determined that, having regard to taxes levied by other orders of government, there is tax room available to the Nunatsiavut Government; and

Whereas section 20.3.1 of the Labrador Inuit Land Claims Agreement provides that the power of the Nunatsiavut Government to make laws in relation to the taxation of Inuit may be extended to persons other than Inuit under agreements with Canada or the Province; and

Whereas, pursuant to section 20.3.1 of the Labrador Inuit Land Claims Agreement, a Personal Tax Administration and Tax Sharing Agreement has been negotiated on behalf of the Nunatsiavut Government with Canada to extend the power of the Nunatsiavut Government to make laws in relation to taxation of individuals other than Inuit and that provides that Canada has agreed to vacate tax room to the Nunatsiavut Government; and

Whereas pursuant to section 7.3.2 of the Labrador Inuit Constitution the Personal Tax Administration and Tax Sharing Agreement that has been negotiated with Canada is of no force or effect until approved by the Nunatsiavut Assembly;

NOW THEREFORE BE IT ENACTED by the Assembly as follows:

PART I General

Short Title

1. This law may be cited as the *Nunatsiavut Personal Income Tax Act*.

Definitions and Interpretation

2. In this law:

“Agreement” means the *Personal Income Tax Administration and Tax Sharing Agreement*, as amended from time to time, to be executed in 2005 between the Government of Canada and the Nunatsiavut Government pursuant to section 20.3.1 of the Labrador Inuit Land Claims Agreement;

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

“federal tax” means the amount that, but for section 120 of the federal Act, would be the tax payable by an individual under Part I of that Act for the taxation year in respect of which the expression is being applied, computed as if the individual were not entitled to any deduction under section 126, 127, 127.2, 127.4 or 127.41 or that Act;

“income earned in the year in Newfoundland and Labrador” means the amount determined in respect of Newfoundland and Labrador and in accordance with subsection 120(4) of the federal Act;

“individual” means a person other than a corporation and includes a trust or estate for the purposes of Part I of the federal Act;

“individual’s income for the year” has the same meaning as in subsection 120(3) of the federal act;

“Inuit” means those individuals defined in clause (b) of the definition of “Inuit” in section 1.1.1 of the Labrador Inuit Land Claims Agreement;

“Inuit Community” has the same meaning as in the Labrador Inuit Land Claims Agreement.

“Labrador Inuit Lands” has the same meaning as in the Labrador Inuit Land Claims Agreement;

“Minister” means the Minister of National Revenue for Canada and includes any other persons charged by federal law with responsibility for the federal Act;

“President” means the President of Nunatsiavut under the Labrador Inuit Constitution; and

“taxation year” has the same meaning as in paragraph 249(1)(b) of the federal Act and, in the case of an estate or trust arising on death, has the same meaning as in subsection 104(23) of the federal Act;

Tax based on federal tax

3. The tax payable by an individual under this law is based on the federal tax as fixed by assessment subject to variation on objection or appeal, if any, in accordance with Part I of the federal Act.

Interpretation

4. This law shall be interpreted in accordance with the *Interpretation Act*, R.S.C. 1985, c. I-21, with such modifications as the circumstances require.

Agreement annexed

5. An unexecuted copy of the Agreement is annexed as schedule "A" to this law.

President authorized to execute agreement

6. The President is hereby authorized for and in the name of the Nunatsiavut Government to sign the Agreement that is in substance, similar to the agreement attached as schedule "A" and may, with the approval of the Nunatsiavut Assembly, amend the Agreement.

Act prevails in event of inconsistency with other Inuit law

7. If there is an inconsistency or conflict between this law and the provisions of any other Inuit law, including the *Financial Administration Act*, this law prevails to the extent of the inconsistency or conflict.

PART II Personal Income Tax

Tax payable by individuals residing within Labrador Inuit Lands or within an Inuit Community

8. An income tax shall be paid, as required by this law, for each taxation year by every individual who resides within Labrador Inuit Lands or within an Inuit Community on the last day of the taxation year.

Computation of tax

9. The tax payable under this law for a taxation year by an individual who is resident within Labrador Inuit Lands or within an Inuit Community on the last day of the

taxation year and who only has income earned in the year in Newfoundland and Labrador is 95% of the federal tax payable by the individual for that year.

10. The tax payable under this law for a taxation year by an individual who is resident within Labrador Inuit Lands or within an Inuit Community on the last day of the taxation year and who has individual's income for the year, other than income earned in the year in Newfoundland and Labrador, is 95% of the federal tax payable by the individual for that year which is multiplied by the ratio of the individual's income earned in the year in Newfoundland and Labrador to the individual's income for the year.

PART III Administration

Returns, Assessments, Administration, Collection, Enforcement and Appeals

11. The Agreement is hereby approved in terms of sections 7.3.2 and 7.4.1 of the Labrador Inuit constitution, has the force of law, and without limiting the generality of the foregoing,
 - (a) even if it has ended, the Minister, as agent of the Nunatsiavut Government, may exercise all the powers necessary for the effective administration, collection and enforcement of this law in respect of taxation years to which the Agreement applies;
 - (b) any amount payable under this law may be recovered by the Minister as a debt due to Canada;
 - (c) this law is to operate concurrently with, but not in duplication of, the federal Act;
 - (d) no criminal offences and penalties are imposed under this law;
 - (e) the payments to the Nunatsiavut Government in respect of the income tax imposed under this law are not assignable; and
 - (f) the Minister may remit to an individual any income tax or penalty imposed under this law, including any interest paid or payable thereon, where any federal tax or penalty has been remitted to the individual under section 23 of the *Financial Administration Act*, R.S.C. 1985, c. F-11.

Incorporation of federal act provisions by reference

12. To the extent that they are consistent with this law, the provisions of Divisions I and J of Part I and Parts XV and XVI of the federal Act, are incorporated as provisions of this law in relation to tax payable under Part II of this law, with such modifications as the circumstances require.

Coming into force

13. Parts II and III of this law shall come into force on the date of execution of the Agreement.