

# Indian Band Purchase Exemption Certificate

For an Indian Band or a Band-Empowered Entity (BEE) making off-reserve purchases normally subject to GST / HST, it can sometimes be difficult to explain the exemptions to a supplier. By default, a business in Canada registered for GST / HST must remit GST / HST on taxable goods and services. However, pursuant to section 87 of the Indian Act, an Indian Band is exempt from paying tax on properties on-reserve. The Minister has further extended this exemption to certain purchases made by a BEE, which are entities owned or controlled by an Indian Band (e.g. health care clinic). It is the supplier's responsibility to obtain proper documentation to support an exempt transaction.

## QUALIFYING CONDITIONS

A verbal declaration is insufficient to support an exempt transaction. First, an Indian Band or BEE must meet several conditions before being relieved from GST / HST— summarized in the table below:



### PURCHASER



### GOODS



### SERVICES

PURCHASER	GOODS	SERVICES
Indian Band or Unincorporated Band-Empowered Entity	Delivery must be made on-reserve by the vendor or the vendor's agent (i.e. common carrier)	<ul style="list-style-type: none"> <li>Purchase must be made for Band management activities or real property on reserve</li> </ul>
Incorporated Band-Empowered Entity	<ul style="list-style-type: none"> <li>Delivery must be made on-reserve by the vendor or the vendor's agent (i.e. common carrier)</li> <li>Services must be purchased for Band management activities or real property on reserve</li> </ul>	<ul style="list-style-type: none"> <li>Purchase must be made for Band management activities or real property on reserve</li> </ul>

## DOCUMENTING EXEMPTIONS

Once these conditions are met, the Vendor must retain documentation to support the exemption. We recommend vendors attach a copy of the exemption certificate or statement to a copy of the sales invoice for ease of reference in the event of an audit. As there are no standard exemption certificates published by the Canada Revenue Agency, we generally rely on the sample wording provided in B-039, below. There is no standard wording available, so a variation of the sample below may also be okay — however, if an Indian Band or BEE has its own version of the statement, we recommend providing the same amount of information.

Note: There is no need for the Indian Band or BEE to provide its Business Number or GST/HST registration number.

7400-20



[Print on the letterhead of the Indian Band or Band-Empowered Entity]

*This is to certify that the property or service being acquired by [Insert the name of band or band-empowered entity] is for band management activities (if applicable) or for real property on the reserve. This supply will not be subject to the goods and services tax / harmonized sales tax (GST / HST).*

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*Signature of Authorized Officer*

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*Date*

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*Title of Signing Officer*