

RTN: 123

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### For Historical Reference Only

Effective April 1, 2013, the Province of Prince Edward Island adopted the harmonized sales tax (HST). HST replaces the former provincial revenue sales tax (PST). The information provided on the PST is presented for historical reference only. Please refer to the [Canada Revenue Agency](#) for assistance with the application of the HST.

### FIRST NATIONS TAX EXEMPTION

First Nation Aboriginals residing on reserve lands in Prince Edward Island are entitled to an exemption from provincial revenue tax (PST) on goods purchased for consumption or use on the reserve. This exemption is provided under the Prince Edward Island [Revenue Tax Act and Regulations](#) and the federal [Indian Act](#).

[Section 87](#) of the [Indian Act](#) states:

(1) Notwithstanding any other Act of Parliament or any Act of the legislature of a province, but subject to [section 83](#), the following property is exempt from taxation, namely,

- (a) the interest of an Indian or a band in reserve lands or surrendered lands; and
- (b) the personal property of an Indian or a band **situated on a reserve**.  
(emphasis added)

(2) No Indian or band is subject to taxation in respect of the ownership, occupation, possession or use of any property mentioned in paragraph (1)(a) or (b) or is otherwise subject to taxation in respect of any such property.

The key phrase in [section 87](#) is “**situated on a reserve**.” This means that natives in Prince Edward Island must reside on a reserve in order to purchase goods exempt of revenue tax PST.

To provide the exemption for First Nation Aboriginals in this province, [subsection 12\(3\)](#) of the [Revenue Tax Act](#) says that a consumer who is an Indian as defined by the [Indian Act](#) is not liable to pay the tax in respect of the purchase of goods, other than prepared meals, prepared food products purchased from an eating establishment, spirits, wine or beer, that are to be consumed on a reserve.

The above section means that only goods to be actually consumed or used on the reserve may be sold to natives tax exempt. There is no exemption for restaurant meals and accommodation and no exemption for liquor purchases of any kind. Accommodation and restaurant meals are not consumed on a reserve and therefore are always subject to revenue tax (PST).

All natives as defined in the [Indian Act](#) are issued with a Native Status Card by Indian Affairs and Northern Development Canada. This card contains the name and photo of the status native person, the registration number and the band name and number.

Vendors selling taxable goods to natives must record the name, band number and Prince Edward Island reserve address of the purchaser in their records. To obtain the proper reserve address a second piece of identification may be requested.

On Prince Edward Island there are just four reserves, Lennox Island, Rocky Point, Scotchfort, and Morell Rear. Should a native **NOT** be able to prove residency on one of these four reserves he or she is not eligible for a revenue tax (PST) exemption.

**Further information may be obtained by contacting:**

Taxation and Property Records Division  
Finance, Energy and Municipal Affairs  
P.O. Box 1330  
Charlottetown, PE  
C1A 7N1

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Fax: (902) 368-6164  
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