

Tax and Revenue Administration (TRA)

Alberta Indian Tax Exemption (AITE)

Information Circular AITE-2R7

Tax-Exempt Purchases Made by Indians and Indian Bands

Last updated: February 6, 2017

NOTE: This information circular is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this information circular and governing legislation, the legislation takes precedence.

The Government of Alberta recognizes that many First Nations people and communities in the province prefer not to describe themselves as Indians/Indian bands. These terms have been used where necessary to reflect their legal meaning in the federal *Indian Act*.

Tax-Exempt Purchases Made by Indians and Indian Bands

This information circular is intended for the use of Indians and Indian bands that wish to buy tobacco or fuel tax-exempt or accommodation exempt from the Alberta tourism levy under the AITE program.

Index

- [Parties Eligible for the \(AITE\)](#)
- [Procedures for Establishing and Maintaining AITE Eligibility](#)
 - [Protecting Your AITE Card](#)
 - [Lost, Stolen or Damaged AITE Cards](#)
 - [Suspension of AITE Cards – Unpaid Assessments](#)
- [Items that may be Purchased Exempt of Alberta Tax](#)
 - [Indians](#)
 - [Indian Bands](#)
- [Weekly Purchase Limits](#)
- [Registered Retailer Responsibilities](#)

TAX AND REVENUE ADMINISTRATION
9811 - 109 STREET, EDMONTON AB T5K 2L5

- Email: TRA.Revenue@gov.ab.ca
- Website: tra.alberta.ca
- Phone: 780-427-3044
- Fax: 780-427-0348

Note: for toll-free service in Alberta, call 310-0000, then enter the number.



Parties Eligible for the (AITE)

1. A party eligible for benefits under the AITE program may be one of the following:
 - an Indian, as defined by the *Indian Act* (Canada), 16 years of age or older;
 - an Indian band, as defined by the *Indian Act* (Canada), whose reserve is partially or totally located in Alberta; or
 - an Indian band whose band office is located in Alberta.

No incorporated entity is eligible for the AITE.

2. Federal law prohibits anyone under the age of 18 years from purchasing tobacco, tax-exempt or otherwise.

[Back to Index](#)

Procedures for Establishing and Maintaining AITE Eligibility

3. To establish eligibility, the Indian or Indian band must apply to Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA) for an AITE card. Application forms are available from TRA and may also be available at some Indian band offices.

The AITE card is similar to a credit card. It shows the name of the Indian or Indian band and an identification number. The AITE card also has a signature block and a card expiry date. On first presentation to a retailer who uses the electronic AITE Direct system, a bar code is placed on the card. This allows the card to be scanned each time it is presented to a retailer using AITE Direct.

4. Either a card issued by the Treaty 7 Tribal Council or a card issued by TRA may be used. **The Certificate of Indian Status (CIS) card issued by Indian and Northern Affairs Canada cannot be used for AITE benefits.**

Throughout the AITE Information Circular series the TRA-issued card or the Treaty 7 Tribal Council-issued card will be referred to as an AITE card.

[Back to Index](#)

Protecting Your AITE Card

5. Indians who receive an AITE card must:
 - keep the card in their possession,
 - not lend the card to anyone,

- not leave the card with a registered retailer,
- protect the card against loss or theft,
- report the loss or destruction of the card to TRA, and
- not use another person's AITE card while waiting for a replacement card.

Indian bands that receive an AITE card must make the card available only to members of the band with the authority to sign cheques or issue purchase orders on behalf of the band.

[Back to Index](#)

Lost, Stolen or Damaged AITE Cards

6. A lost, stolen, damaged, or no longer usable AITE card must be reported to TRA immediately. Upon receipt of a new completed application, TRA will issue a replacement card.

[Back to Index](#)

Suspension of AITE Cards - Unpaid Assessments

7. If the holder of an AITE card has been assessed a penalty equal to the amount of tax under the *Fuel Tax Act* or *Tobacco Tax Act* and the assessed amount has not been paid, the cardholder's AITE card may be suspended. During the time the AITE card is suspended, the eligible Indian consumer can purchase fuel and tobacco from a registered AITE retailer tax included and request a receipt for the purchase. The retailer will provide the purchaser with a receipt showing the purchaser's name, the retailer's name and location, the date, the amount of fuel or tobacco purchased, and the amount of tax included in the purchase price.
8. Once receipts total \$20 or more of tax paid, the purchaser may complete a rebate application form and submit it together with the receipts to TRA. The amount of tax paid will be credited against the outstanding amount due on the purchaser's assessment. Once the assessment has been paid in full, the card suspension will be lifted and the eligible Indian consumer will receive a new AITE card.

[Back to Index](#)

Items that may be Purchased Exempt of Alberta Tax

Indians

9. Indians 18 years of age or older may purchase tobacco exempt from Alberta tax if:
 - they buy the tobacco from a registered retailer on a reserve;
 - they present a valid AITE card to the registered retailer at the time of purchase;
and
 - the tobacco is for their own personal use or for gifts to other Indians and not for resale or export to another jurisdiction.
10. Tobacco may be sold tax-exempt when **all** the conditions specified above are met. Only cigarettes, tobacco sticks and fine cut tobacco can be sold exempt of tax if marked as black stock with a federal tobacco stamp. This indicates that tax has not been paid on the black stock tobacco. Other tobacco not marked for tax-paid sale in Alberta can also be purchased exempt of tax.
11. An Indian may buy fuel tax-exempt from a registered retailer located on a reserve or from a registered bulk dealer or propane distributor who delivers the fuel into storage tanks on a reserve. A valid AITE card must be presented at the time of purchase. The fuel must be for the purchaser's personal use and not for resale or for export to another jurisdiction.
12. An Indian can purchase accommodation on a reserve exempt from the Alberta tourism levy if:
 - the Indian presents a valid AITE card at the time of purchase, and
 - the accommodation is for the personal use of the Indian.

[Back to Index](#)

Indian Bands

13. An Indian band does not pay Alberta tax on tobacco if:
 - the tobacco is bought from a registered retailer located on a reserve;
 - a valid AITE card is presented to the registered retailer at the time of purchase;
and
 - the tobacco is for the use of the authorized band members or for gifts to other Indians, and not purchased for resale or export to another jurisdiction.

14. An Indian band may buy fuel tax-exempt from a registered retailer located on a reserve or from a registered bulk dealer or propane distributor who delivers the fuel into storage tanks on a reserve. A valid AITE card must be presented at the time of purchase.
15. Fuel purchased by an Indian band must be for use in band-owned vehicles and equipment and not for resale or export to another jurisdiction. Fuel purchased tax-exempt cannot be used by incorporated businesses, even if an Indian or an Indian band owns the corporation.
16. An Indian band can purchase accommodation on a reserve exempt from the Alberta tourism levy if:
 - the Indian band presents a valid AITE card at the time of purchase, and
 - the accommodation is for the Indian band's use.
17. To receive multiple band cards an Indian band and an exempt sale retailer must enter into an agreement with TRA. The agreement sets out the additional controls and responsibilities that apply where multiple band cards are issued by TRA.

The major controls and responsibilities in the agreement are:

- The Indian band must apply for each additional band card and provide written authorization for a specific employee to have the card and use it to purchase fuel for band use only. The card cannot be used to purchase tobacco exempt from tax.
- Each employee must sign a declaration that the employee will use the band card only to purchase fuel on behalf of the band.
- TRA will set the maximum number of band cards that may be issued under the agreement.
- Band cards can only be used to purchase fuel exempt of tax at the exempt sale retailer that signed the agreement.
- Each band card will have the same weekly purchase limits as Indian AITE cards.
- The band must monitor use of the band cards to ensure the fuel purchased using the band cards is for band, and not personal, use.
- All payments for fuel using a band card must be by band credit or band credit card.

- The band must require holders of band cards to keep records of the fuel purchased using the card and ensure the purchase of total fuel for band purposes agrees with the purchase records kept by the holders of the band cards.
- The exempt sale retailer must match the signature on the band card to the signature of the card holder on the invoice or credit slip.

The issuance of multiple band cards should simplify the purchase of tax-exempt fuel by an Indian band and ensure the tax-exempt fuel is for the band's use only.

Suspension of card(s): an Indian band that does not comply with the terms noted above may have its card(s) temporarily suspended and be assessed tobacco or fuel tax or the tourism levy. The card(s) would be reinstated only upon total payment of the fuel or tobacco tax or tourism levy.

18. An Indian band and an exempt sale retailer wanting to apply together for multiple band cards should contact TRA. Where Indian bands have vehicles used for different purposes and operated by different band staff members it is not always possible to present the Indian band card at the time fuel is purchased because the band has only one card. Therefore TRA has provided an alternative to streamline an Indian band receiving the AITE benefit.

Registered retailers selling fuel and Indian bands may apply together to TRA for approval of a process that must include the following conditions:

- electronic recording of individual fuel sales (fill-ups) using a cardlock, keylock or wand system installed by the registered retailer;
- the Indian band must control the issuance of cards, keys or wands;
- quotas on sales to card, key or wand holders, must be set by the Indian band and incorporated into the electronic system used by the registered fuel retailer;
- the registered fuel retailer must submit to TRA weekly reports of sales, showing the name of the card, key or wand holder, the purchase date, the volume of fuel purchased, and price paid for the fuel;
- a weekly AITE voucher covering the total volumes shown on the weekly report, must be completed and signed by an authorized signing officer of the Indian band;
- the registered retailer must prepare a reconciliation of the weekly AITE transactions with the fuel billings to the Indian band.

With these conditions met, the Indian band is assured that individual purchases are for band, not personal, use. At the same time, the process for an Indian band to obtain the tax exemption is simplified.

For AITE program purposes, the weekly AITE transactions described above will be deemed to be one sale. The over-limit code for band use should be shown on the voucher. A registered retailer of fuel and an Indian band wanting to implement the process must contact TRA with their proposed process before implementing it.

[Back to Index](#)

Weekly Purchase Limits

19. Weekly purchases by an Indian or Indian band of more than

- 400 black stock cigarettes (two cartons);
- 400 tobacco sticks; or
- any combination of tobacco that would give rise to an amount of tax that is the same or greater than the amount of tax payable on 400 cigarettes or tobacco sticks if the tobacco were not exempt; **and**
- 300 litres of fuel

are considered to be purchases for resale or export **unless** an explanation for the over-limit purchase is provided on a voucher at the time of sale. Registered retailers also must **not** sell tobacco or fuel tax-exempt if they know, or ought to know, based on the over-limit purchases, that the item is intended for a corporation or for resale or export.

[Back to Index](#)

Registered Retailer Responsibilities

20. Registered retailers have been told by TRA that they cannot provide the AITE exemption on sales in excess of these quantities listed above **unless** the purchaser and a voucher justify the purchase. Registered retailers must also refuse to sell tobacco or fuel tax-exempt where other circumstances lead the retailer to believe the item is intended for resale or export to another jurisdiction. If they make these sales anyway, their refund claims will be denied.

21. In some cases, TRA may require specific registered retailers to obtain explanations using a voucher where quantities of product less than the limits listed in paragraph 19 are purchased. This requirement will be applied on a case-by-case basis when deemed necessary by TRA.

TRA also has the option of requiring, on a case-by-case basis, specific registered retailers to obtain approval from TRA before selling more black stock than the allowed weekly limit.

22. There are several situations when an Indian or an Indian band may legitimately purchase more than the limits listed in paragraph 19. Consumers must identify these special situations to their registered retailer, and provide an explanation for large purchases on the voucher completed at the time of sale.
23. Special situations include purchases of tobacco for wakes or funerals, ceremonies, pow wows, round dances or for use in isolated locations. Personal use of fuel includes use in buses, taxis, vehicle fleets, farm use, vacation or travel.
24. Large purchases of tobacco or fuel made without providing an explanation are considered purchases for resale or export to another jurisdiction. In these cases the purchaser is liable to a penalty of an amount equal to the tax exemption provided on such purchases.

[Back to Index](#)

Contact Information and Useful Links

Contact Tax and Revenue Administration (TRA):	Email: TRA.Revenue@gov.ab.ca
Visit our website:	tra.alberta.ca
Subscribe to receive email updates:	tra.alberta.ca/subscribe.html
TRA Client Self-Service (TRACS):	tra.alberta.ca/tracs