

# Tax and Revenue Administration (TRA)

## AITE

### Information Circular AITE-2R8

## Tax-Exempt Purchases Made by Eligible Consumers

Last updated: February 28, 2019

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*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 and bands. These terms have been used where necessary to reflect their legal meaning in the federal *Indian Act*.

## Tax-Exempt Purchases Made by Eligible Consumers

This information circular is intended for the use of eligible consumers that wish to buy tobacco exempt from tobacco tax, fuel exempt from fuel tax and carbon levy, or accommodation exempt from tourism levy under the AITE program.

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



## Parties Eligible for the AITE

1. An eligible consumer entitled to benefits under the AITE program may be one of the following:
  - an Indian, as defined by the federal *Indian Act*, who is 16 years of age or older,
  - a band, as defined by the federal *Indian Act*, whose reserve is partially or totally located in Alberta, or
  - a band whose band office is located in Alberta.

An eligible consumer, as defined above, includes an individual operating an unincorporated business, such as a sole proprietorship. However, an eligible consumer does not include an incorporated business.

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

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## Establishing and Maintaining Eligibility for the AITE

3. A ministerial identification card, i.e., an AITE card, can be obtained by an eligible consumer from TRA by completing an AITE Declaration form (AT4805). See "[Apply for an AITE Card](#)".

The AITE card contains the name of the eligible consumer, an identification number, a signature block, an expiry date, and a bar code. The bar code enables the card to be scanned each time it is presented to a retailer or vendor using AITE Direct.

4. A federal identification card, i.e., a status card, is issued by the Government of Canada to eligible consumers under the federal *Indian Act*. Currently, the federal identification card cannot be used to obtain AITE benefits
  - under the *Tobacco Tax Act*, or
  - under the *Fuel Tax Act* with respect to gasoline, diesel, and propane for motive purposes.

However, the federal identification card may be used to purchase accommodation exempt from tourism levy under the *Tourism Levy Act*, as well as "other fuels" (as defined in [Information Circular CL-OF-3, Other Fuels – Exemptions and Licences](#)) and natural gas exempt from carbon levy under the *Climate Leadership Act*.

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## ***Protecting Your AITE Card***

5. The AITE card is non-transferable and no one is allowed to possess or use an AITE card that belongs to someone else. Eligible consumers who are individuals that have been issued an AITE card must:
  - keep the card in their possession,
  - not lend or sell the card to anyone,
  - not leave the card with a registered retailer,
  - protect the card against loss or theft,
  - report any loss or destruction of the card to TRA, and
  - not use another person's card while waiting for a replacement.
6. An AITE card issued to a band may be used only by a person that is an authorized representative of the band and is using the AITE card to purchase tobacco or fuel for the band. The band and all authorized representatives must comply with any conditions placed on the AITE card by TRA.
7. If TRA has reason to believe that an AITE card has been lent or sold, or used by an unauthorized representative of a band, the AITE card will be canceled. However, TRA will issue a replacement AITE card if it is determined that the original AITE card should not have been cancelled.

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## ***Lost, Stolen or Damaged AITE Cards***

8. If an AITE card is lost, stolen, damaged, or otherwise becomes unusable, the cardholder must report the situation to TRA immediately. Upon receipt and approval of a new application, TRA will issue a replacement AITE card.

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## ***Suspension of AITE Cards - Unpaid Assessments***

9. If an AITE cardholder has been assessed a penalty under the *Fuel Tax Act*, *Climate Leadership Act*, *Tobacco Tax Act*, or *Tourism Levy 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 consumer can purchase fuel and tobacco from an exempt sale retailer or vendor with tax or carbon levy included and request a receipt for the purchase. The exempt sale retailer or vendor will provide the purchaser with a receipt showing the purchaser's name, the seller's name and

location, the date, the amount of fuel or tobacco purchased, and the amount of tax or carbon levy included in the purchase price.

10. Once receipts total \$20 or more of tax or carbon levy paid, as the case may be, the purchaser may complete a rebate application and submit it together with the receipts to TRA. The amount of tax or carbon levy paid will be credited against any outstanding amount due on the purchaser's assessment. Once the assessment has been paid in full, the suspension will be lifted and the eligible consumer will receive a new AITE card.

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## **Items that May be Purchased Exempt of Tax or Levy**

### ***Individual Eligible Consumers***

11. An individual eligible consumer may purchase tobacco exempt from tax if:
  - the eligible consumer is 18 years of age or older,
  - the tobacco is purchased from an exempt sale retailer on reserve,
  - the eligible consumer presents to the exempt sale retailer a valid AITE card at the time of purchase,
  - the tobacco is the personal property of the eligible consumer or is being purchased as a gift for another eligible consumer, and
  - the tobacco is not being purchased for resale.
12. Tobacco may be sold exempt from Alberta tax when all the conditions specified in [paragraph 11](#) are met. Black stock (cigarettes, tobacco sticks and fine cut tobacco stamped in accordance with federal law to indicate that federal duty has been paid, but not stamped or marked in accordance with any provincial law to indicate that they are intended for provincial retail sale) may be sold exempt from Alberta tax only if it is stamped in accordance with federal law. Certain other tobacco that is not stamped or marked by Alberta, such as cigars, also may be purchased exempt from Alberta tax.
13. An eligible consumer may buy gasoline, diesel, and propane used for motive purposes exempt from fuel tax and carbon levy from an exempt-sale vendor located on reserve or from a registered bulk dealer or propane distributor that delivers the fuel to a reserve. A valid AITE card must be presented at the time of purchase. The fuel must be the personal property of the eligible consumer and should not be purchased for resale.
14. An eligible consumer may buy "other fuels", including propane used for heating purposes, exempt from carbon levy from an exempt-sale vendor located on reserve

or from a registered bulk dealer or propane distributor that delivers the fuel to a reserve. Either a valid AITE card or the federal identification card must be presented at the time of purchase. The “other fuels” must be the personal property of the eligible consumer and should not be purchased for resale. For a full listing of the types of fuels the term “other fuels” encompasses, see paragraph 1 of [Information Circular CL-OF-3, Other Fuels – Exemptions and Licences](#).

15. An eligible consumer may obtain natural gas exempt from carbon levy from a natural gas service provider as long as the natural gas is delivered to an address on reserve. A valid federal identification card must be presented to the natural gas service provider.
16. An eligible consumer may purchase accommodation on a reserve exempt from tourism levy if the eligible consumer presents either a valid AITE card or a valid federal identification card, at the time of purchase, and the accommodation is for the eligible consumer’s use.

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## ***Bands***

17. A band may purchase tobacco exempt from tax if:
  - the tobacco is purchased from an exempt sale retailer on reserve,
  - a person authorized by the band presents to the exempt sale retailer a valid AITE card at the time of purchase,
  - the tobacco is for the use of the authorized band member or is being purchased as a gift for another eligible consumer, and
  - the tobacco is not being purchased for resale.
18. A band may buy gasoline, diesel, and propane for motive purposes exempt from fuel tax and carbon levy from an exempt-sale vendor located on reserve or from a registered bulk dealer or propane distributor that delivers the fuel to a reserve. A valid AITE card must be presented at the time of purchase. Fuel purchased by a band must be for use in band-owned vehicles and equipment and not for resale.
19. A band is not permitted to use fuel that was purchased exempt from fuel tax and carbon levy in the operation of an incorporated business, even if the corporation is owned by the band.
20. A band may buy “other fuels”, including propane used for heating purposes, exempt from carbon levy from an exempt-sale vendor located on reserve or from a registered bulk dealer or propane distributor that delivers the fuel to a reserve. A valid AITE card must be presented at the time of purchase. The “other fuels” purchased by a band must be for use in band management activities or for real property on reserve and should not be purchased for resale. For a full listing of the

types of fuels the term “other fuels” encompasses, see paragraph 1 of [Information Circular CL-OF-3, \*Other Fuels – Exemptions and Licences\*](#).

21. A band may obtain natural gas exempt from carbon levy from a natural gas service provider if the natural gas is delivered to an address on reserve. An original certificate, showing that the natural gas is being acquired for band management activities or for real property situated on a reserve, must be provided to the natural gas service provider.
22. A band may purchase accommodation on reserve exempt from tourism levy if the band provides a valid AITE card at the time of purchase and the accommodation is for the band’s use.
23. A band may be issued multiple band cards for use by its employees or agents. To receive multiple band cards, a band and an exempt-sale retailer or vendor 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. Where it may not always be possible to provide the band card at the time of purchase, bands should contact TRA to determine if an alternative approach may be arranged.

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## **Responsibilities at Time of Purchase**

24. At the time an eligible consumer who is an individual asks to purchase tobacco, AITE Direct will automatically verify the individual consumer’s age. If the individual consumer is under 18 years of age, AITE Direct will not permit the sale of the tobacco. Federal law prohibits the sale of tobacco to anyone under 18 years of age, including an individual with an AITE card.
25. An exempt sale retailer of tobacco must refuse to sell tobacco exempt from tax where the circumstances lead the retailer to believe that the tobacco is intended for resale. Similarly, an exempt-sale vendor of fuel must refuse to sell fuel exempt from fuel tax and carbon levy where the circumstances lead the vendor to believe that the fuel is intended for resale or for use in the operation of a corporation.
26. In general, fuel purchased by an eligible consumer on reserve is exempt from fuel tax and carbon levy provided the fuel becomes the personal property of the eligible consumer when purchased. When fuel is purchased exempt from fuel tax and carbon levy by an eligible consumer on reserve, it is generally expected that the fuel is purchased for the personal use of the eligible consumer who is an individual, or for band use. Fuel purchased exempt from fuel tax and carbon levy may be used for personal or commercial purposes, such as in a business operated by an eligible consumer other than an incorporated business.
27. Joint ventures and partnerships that include a venture or partner who is an individual eligible consumer are entitled to an exemption from fuel tax and carbon

levy on fuel purchased on reserve in proportion to the individual's interest in the joint venture or partnership, as the case may be.

28. Examples of "personal use" of fuel include use in buses, taxis, vehicle fleets, farming operations, or fuel used for vacation or travel. If fuel that was purchased exempt from fuel tax and carbon levy by an eligible consumer on reserve is subsequently sold or given to a person that is not exempt from fuel tax and carbon levy, such as a corporation, the non-exempt person is considered to have purchased the fuel and should pay the respective amount of fuel tax and carbon levy on the volume of fuel received. The eligible consumer that originally purchased the fuel exempt from fuel tax and carbon levy, and supplied it to the non-exempt person, must collect the respective amounts of fuel tax and carbon levy on the volume of fuel sold and remit the amounts to Alberta.

## **Weekly Purchase Limits**

29. Weekly purchases by an eligible consumer are limited to:
- 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
30. During a particular week, if an eligible consumer makes a purchase in excess of the weekly purchase limits set out in paragraph 29, AITE Direct will automatically produce a voucher and an explanation must be provided.
31. There are several situations where an eligible consumer may legitimately purchase items in excess of the weekly limits set out in paragraph 29, such as purchases for use in remote locations, for gifts, wakes or funerals, ceremonies, pow wows, round dances, or for band use. At the time of purchase, the eligible consumer must advise the exempt sale retailer or vendor of the particular special situation and provide an explanation on a voucher.
32. A voucher must be signed by the eligible consumer who is an individual, and the exempt sale retailer or vendor will compare the signature on the voucher to the signature on the back of the eligible consumer's AITE card in order to ensure that the signatures match.

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## Contact Information and Useful Links

<b>Contact Tax and Revenue Administration (TRA):</b>	Email: <a href="mailto:TRA.Revenue@gov.ab.ca">TRA.Revenue@gov.ab.ca</a>
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