

Tax and Revenue Administration (TRA)

AITE

Information Circular AITE-1R6

Alberta Indian Tax Exemption (AITE) Program

Last updated: December 6, 2021

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 meanings in the federal *Indian Act*.

Index

- [Exemption](#)
- [Information for Eligible Consumers](#)
 - [Evidence of Eligibility](#)
 - [Tax-Exempt Purchases](#)
 - [Weekly Purchase Limits for Consumers](#)
- [Information for AITE Retailers](#)
 - [Registration](#)
 - [Refusal to Register, Suspension or Cancellation of Registration](#)
 - [Tax-Exempt Sales of Tobacco](#)
 - [Tax-Exempt Sales of Fuel](#)
 - [Restrictions and Weekly Purchase Limits on Sales of Tobacco and Fuel](#)
 - [Refunds of Tax Paid on Inventories of Tobacco and Fuel](#)
 - [Tax Rate Changes](#)
 - [Tax-Exempt Sales of Accommodation](#)
 - [Record Keeping Requirements](#)
- [Offences and Fines](#)
 - [Tobacco Tax Act](#)
 - [Fuel Tax Act](#)
 - [Tourism Levy Act](#)
- [Contact Information and Useful Links](#)

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



Exemption

1. In general, an [eligible consumer](#) is exempt from paying:
 - tobacco tax on tobacco purchased on a reserve in Alberta,
 - fuel tax on fuel purchased on a reserve in Alberta, including fuel delivered to a reserve by a bulk fuel dealer, and
 - tourism levy on accommodation purchased on a reserve in Alberta for the use of an eligible consumer.
2. An eligible consumer includes the following:
 - an Indian, as defined by the federal *Indian Act*, and
 - a band, as defined by the federal *Indian Act*, whose reserve is partially or totally located in Alberta, or whose office is located in Alberta.
3. An eligible consumer, as defined in the immediately preceding paragraph, includes an individual operating an unincorporated business, such as a sole proprietorship. However, an eligible consumer does not include an incorporated business.

[Back to Index](#)

Information for Eligible Consumers

Evidence of Eligibility

4. An eligible consumer must provide evidence of eligibility for the AITE at the time tobacco, fuel or accommodation is purchased exempt from tax or levy. An eligible consumer who is an individual must present either a federal Certificate of Indian Status (status card), or a federal Temporary Confirmation of Registration Document (TCRD) with identification. An eligible consumer that is a band must present a letter issued by TRA containing the band's AITE registration number.
5. The status card and TCRD are issued by the Government of Canada. Eligible individuals should contact their respective First Nation office for assistance in obtaining a new or replacement status card. A TCRD may be obtained by calling Indigenous Services Canada.
6. The band letter issued by TRA may be used only by a person that is an authorized representative of the band who is using the letter to purchase tobacco, fuel, or accommodation for the band. The band and all authorized representatives must comply with any conditions placed on the registration by TRA.

[Back to Index](#)

Tax-Exempt Purchases

7. Tax-exempt purchases of tobacco and fuel (gasoline, diesel, and propane used for motive purposes) must be made on a reserve in Alberta from an exempt sale retailer of tobacco or an exempt-sale vendor of fuel (collectively, AITE retailer) who is registered with TRA to sell those products exempt from tax.
8. Tax-exempt purchases of tobacco and fuel must be the personal property of the eligible individual or band (or authorized representative of the band) and not purchased for resale. When tobacco or fuel is purchased exempt from tax by an eligible consumer on a reserve, it is expected that the tobacco or fuel be for the personal use of the eligible individual or band.
9. Tobacco may also be purchased exempt from tax if the tobacco is being purchased as a gift for another eligible consumer.
10. Fuel may also be purchased exempt from tax if the fuel is delivered to a reserve by a bulk fuel dealer or propane distributor.
11. Fuel purchased exempt from tax may be used for personal or commercial purposes, such as in a business operated by an eligible consumer. However, fuel purchased exempt from tax cannot be used in the operation of an incorporated business, even if the corporation is owned by the individual or band.
12. Joint ventures and partnerships that include a venturer or partner who is an individual eligible consumer are entitled to an exemption from fuel tax on fuel purchased on, or delivered to, a reserve in proportion to the individual's interest in the joint venture or partnership, as the case may be.
13. Examples of personal use of fuel include use in buses, taxis, vehicle fleets, farming operations, or fuel used for vacation or travel.
14. If fuel that was purchased exempt from fuel tax by an eligible consumer on reserve is subsequently sold or given to a person that is not exempt from fuel tax, such as a corporation, the non-exempt person is considered to have purchased the fuel and should pay tax on the volume of fuel received. The eligible consumer that originally purchased the fuel exempt from tax, and supplied it to the non-exempt person, must collect the respective amount of fuel tax on the volume of fuel sold and report and remit the amount to TRA. For additional information, contact TRA.

[Back to Index](#)

Weekly Purchase Limits for Consumers

15. 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.
16. During a particular week, if an eligible consumer makes a purchase in excess of the weekly purchase limits set out in the immediately preceding paragraph, the point of sale system used by AITE retailers (AITE Direct) will automatically produce a voucher and an explanation must be provided.
17. There are several situations where an eligible consumer may legitimately purchase items in excess of the weekly limits, such as purchases for band use, for use in remote locations, or for gifts, funerals, ceremonies, dances and other celebrations. At the time of purchase, the eligible consumer must advise the AITE retailer of the particular situation and provide an explanation on a voucher.

[Back to Index](#)

Information for AITE Retailers

Registration

18. A person desiring to sell tax-exempt tobacco and/or fuel on a reserve in Alberta to eligible consumers must be registered as an AITE retailer. A bulk fuel dealer or propane distributor may also register as an AITE retailer in order to deliver tax-exempt fuel to a reserve in Alberta. For information on how to register as an AITE retailer, refer to the [Register as an AITE Retailer](#) section of the [Alberta Indian Tax Exemption \(AITE\)](#) page of our website.
19. If an applicant wants to register more than one location, a separate registration form must be completed for each location. The applicant must also provide a copy of a Band Council Resolution that authorizes the specific applicant to operate on the respective reserve.
20. Before approving a registration, TRA will perform a background check to ensure that the applicant has not contravened any tax laws. TRA may also perform a background check on the applicant's directors, officers, employees, contractors, or those not dealing at arm's length with the applicant.

21. The applicant will receive an agreement that sets out various terms and conditions, which must be signed and returned to TRA prior to the registration being approved. If the agreement is approved by TRA, the applicant will be sent a signed copy of the agreement and a letter approving the registration as an AITE retailer entitled to sell products exempt from tax.
22. An AITE retailer must notify TRA in writing if there is a significant change in business, such as
 - involvement in bankruptcy, insolvency, or receivership proceedings,
 - amalgamation with another corporation, wind up, liquidation, dissolution, or involvement in proceedings under the *Companies' Creditors Arrangement Act* (Canada),
 - change in partners of a partnership,
 - a sale, assignment or transfer of the part of the business carrying out the activities as an AITE retailer that results in a change in control of the business,
 - a substantial change in the core management or operations of the part of the business for which the AITE retailer has been issued an agreement with TRA, or
 - ceasing to carry out the part of the business for which the AITE retailer has an agreement with TRA.

[Back to Index](#)

Refusal to Register, Suspension or Cancellation of Registration

23. TRA may refuse to register or renew a person as an AITE retailer for the purpose of selling tobacco exempt from tax, or may suspend or cancel a registration, if the AITE retailer, or a director, officer, employee or contractor of the AITE retailer, or someone not dealing at arm's length with the AITE retailer,
 - has contravened
 - the *Tobacco Tax Act*,
 - any term or condition imposed by TRA,
 - any other statute or regulation of Alberta that imposes any tax, or
 - a law in force in another jurisdiction that governs the sale of tobacco or the levying of a tax on tobacco in that jurisdiction,
 - has not acted in accordance with the law, with honesty or integrity or in the public interest, having regard to the past conduct of the person,

- would be a detriment to the integrity of the lawful tobacco industry in Alberta, or
 - would be a detriment to the lawful manufacture, import, purchase, sale or possession of tobacco under the *Tobacco Tax Act*.
24. TRA may refuse to register or renew a person as an AITE retailer for the purpose of selling fuel exempt from tax, or may suspend or cancel a registration, if the AITE retailer has contravened the *Fuel Tax Act* or a law in force in Alberta or in another jurisdiction that governs the collection or payment of tax. TRA may also refuse to register or renew a person as an AITE retailer if the person is dealing not at arm's length with a person whose registration has been suspended or cancelled or whose application to register or renew a registration has been refused.
25. TRA will refuse to renew an AITE retailer's registration, or will cancel a registration, if TRA receives a subsequent Band Council Resolution or other notice from a band council revoking the authority of the AITE retailer to operate on the respective reserve.
26. TRA may cancel the registration of an AITE retailer if TRA is denied access to the business premises or location at which tax-exempt sales are made.
27. TRA also may impose additional conditions on any AITE retailer as a condition of continuing to be registered.

[Back to Index](#)

Tax-Exempt Sales of Tobacco

28. An AITE retailer on a reserve in Alberta may sell cigarettes, tobacco sticks and fine cut tobacco exempt from tax to eligible consumers who present [evidence of eligibility](#) for the exemption at the time of sale.
29. The following requirements apply to AITE retailers selling tax-exempt tobacco on a reserve in Alberta to eligible consumers:
- an AITE retailer must purchase all tobacco to be re-sold to consumers from wholesalers who have an Alberta tobacco tax licence,
 - unless an AITE retailer is also a licensed wholesaler, the AITE retailer cannot sell tobacco to anyone that the AITE retailer believes will re-sell the tobacco,
 - the only tobacco that an AITE retailer is permitted to sell exempt from tax on a reserve in Alberta is [black stock](#), which must be purchased from licensed wholesalers (who are permitted to sell black stock only to registered AITE retailers), and

- an AITE retailer must sell black stock only to eligible consumers upon presentation of [evidence of eligibility](#) at the time of sale.
30. Black stock, as referred to in the immediately preceding paragraph, means 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. Marked on or affixed to packages of black stock is a peach-coloured federal stamp that states, “Duty Paid Canada•Droit Acquitté”.
31. Tobacco, including cigarettes, tobacco sticks and fine cut tobacco, sold to consumers who are not eligible to purchase tobacco exempt from tax must be sold with tax included. Such products cannot be black stock, but must be marked for tax-paid sale in Alberta with a red-coloured Alberta stamp. For additional information on selling tobacco in Alberta to consumers, including information on Alberta’s tobacco marking program, refer to [Information Circular TTA-2, Information for Tobacco Tax Collectors, Wholesalers, Importers and Retailers.](#)

[Back to Index](#)

Tax-Exempt Sales of Fuel

32. An AITE retailer on a reserve in Alberta may sell gasoline, diesel, and propane for motive purposes exempt from tax to eligible consumers who present [evidence of eligibility](#) for the exemption at the time of sale.

[Back to Index](#)

Restrictions and Weekly Purchase Limits on Sales of Tobacco and Fuel

33. An AITE retailer must refuse to sell tobacco or fuel exempt from tax where the circumstances lead the AITE retailer to believe that the product is intended for resale or, in the case of fuel, is intended for use in the operation of a corporation. If a tax-exempt sale is made and the AITE retailer later determines that the product was re-sold or the purchaser was not otherwise eligible for the exemption, the AITE retailer should [contact TRA](#) as soon as possible and provide all requested information with respect to the sale.
34. An AITE retailer is not permitted to sell tobacco to anyone under 18 years of age in accordance with federal legislation, and is responsible for ensuring that each eligible consumer or authorized representative of a band who is an individual is over 18 years of age.
35. An AITE retailer must not provide the AITE on sales in excess of the [weekly purchase limits for consumers](#) unless the eligible consumer justifies the purchase by providing an explanation, on a voucher, at the time of purchase. During a particular week, if an eligible consumer makes a purchase in excess of the weekly purchase limits, AITE Direct will automatically produce a voucher and an explanation must be provided.

[Back to Index](#)

Refunds of Tax Paid on Inventories of Tobacco and Fuel

36. Tobacco tax is included in the price an AITE retailer pays when purchasing tobacco from a licensed wholesaler and fuel tax is included in the price an AITE retailer pays when purchasing fuel from a fuel supplier. However, an AITE retailer is entitled to a refund of the tax paid on products that are subsequently sold exempt from tax to eligible consumers.
37. TRA obtains details of exempt sales by processing the information contained in AITE Direct, which receives daily updates of cardholder changes and weekly purchases-to-date information about eligible consumers. The AITE retailer must ensure it has received the daily update. If the daily update is not received, the AITE retailer should immediately [contact TRA](#) for assistance.
38. Each Sunday night, TRA totals the daily information processed during the week and generates a refund for the AITE retailer for the approved sale transactions. Upon the completion of an [Application for Direct Deposit](#), TRA will deposit the refund directly into the bank account of the AITE retailer.

[Back to Index](#)

Tax Rate Changes

39. When tax rates change, TRA supplies all AITE retailers with a new tax rate chart. The new rates should be used for both taxable sales and for providing the AITE to eligible consumers. For past and current rates of tobacco tax and fuel tax, refer to [Alberta Current and Historic Tax Rates](#) on our website.

[Back to Index](#)

Tax-Exempt Sales of Accommodation

40. An operator who provides accommodation on a reserve in Alberta in accordance with the *Tourism Levy Act* may provide the accommodation exempt from the tourism levy to eligible consumers who present [evidence of eligibility](#) at the time of purchase. The accommodation must be for the use of the eligible individual or band.
41. An operator must record certain information about an eligible consumer purchasing accommodation on reserve exempt from the tourism levy, including the name of the eligible consumer (individual name or band name), and the number on the eligible individual's status card or TCRD, or the AITE registration number contained in the letter issued to the band by TRA. Such information may be requested by TRA in the event of an audit.

[Back to Index](#)

Record Keeping Requirements

42. AITE retailers must keep the following records:
 - purchase records for fuel and/or tobacco (purchase orders, meter tickets and invoices from suppliers),
 - sales records for fuel and/or tobacco (retailer copies of exempt sale vouchers, invoices to customers, account receivable statements or ledgers, and bank statements),
 - inventory records,
 - in the case of cardlock or keylock systems, printouts from the systems, and
 - in the case of propane retailers, periodic totalizer meter readings.
43. Records must be made available to TRA upon request.
44. The requirement to keep records applies to both electronic and paper records. Computerized records should be regularly backed up to another medium to guard against loss of information in the event of a computer failure.
45. Records in respect of the sale and purchase of tobacco must distinguish between tobacco marked for tax-paid sale in Alberta and black stock tobacco sold exempt from tax under the AITE program.
46. In general, an AITE retailer must keep records for four years after the end of the calendar year in which the records were created. However, TRA may demand that records be kept beyond four years. Records that relate to a legal action or appeal must be kept until the action or appeal is concluded and the time for filing any further appeal has expired.
47. Records must be kept at the AITE retailer's place of business or residence in Alberta, unless TRA approves another location in writing.
48. A listing of the records that must be maintained by an operator registered under the *Tourism Levy Act*, including the location where the records are to be kept, is provided in [Information Circular TL-2, Information for Operators and Online Brokers](#).

[Back to Index](#)

Offences and Fines

Tobacco Tax Act

49. It is an offence under the *Tobacco Tax Act* for a retailer to purchase, possess, sell, or offer for sale tobacco products not marked for tax-paid sale in Alberta unless the retailer is an AITE retailer and the product is black stock. A retailer found to be in contravention is guilty of an offence and liable
- for a first offence, to a fine up to \$20,000 or up to six months imprisonment, or both, and
 - for a second offence, to a fine up to \$50,000 or up to one year imprisonment, or both,
- and
- a penalty up to three times the amount of tax that should have been collected and remitted by a person selling the tobacco to consumers, or would have been payable by the retailer if the tobacco was marked for tax-paid sale in Alberta and sold to a consumer in Alberta.

TRA also may assess the retailer a penalty equal to three times the tax that would have been payable if the product was not black stock and was sold to a consumer in Alberta.

50. The offence set out in the immediately preceding paragraph applies to anyone that is not registered as an AITE retailer yet sells black stock tobacco in Alberta. For example, the offence and penalties apply to any individual selling black stock out of the individual's home or vehicle.
51. A person who marks tobacco without holding a permit issued by TRA, or holds a permit but refuses or neglects to mark packages of tobacco as required, is guilty of an offence and liable to a fine up to \$1,000,000 or up to three years imprisonment, or both. A permit holder that contravenes any condition or restriction contained in the permit is guilty of an offence and liable to a fine up to \$20,000.
52. A person who
- makes false statements in a return or document delivered or made under the *Tobacco Tax Act*,
 - destroys, alters, mutilates or disposes of records of a wholesaler, importer, retailer or consumer,
 - makes false entries or omits information in the books of a wholesaler, importer, retailer or consumer,

- willfully evades or attempts to evade compliance with the *Tobacco Tax Act* or its regulations, or
- fails to comply with an order or direction of TRA,

is guilty of an offence and liable to a fine up to \$20,000 or up to two years imprisonment, or both.

[Back to Index](#)

Fuel Tax Act

53. An AITE retailer or other vendor who sells fuel exempt from tax to a person that is not eligible to purchase fuel exempt from tax, or has not registered with TRA as an AITE retailer prior to selling fuel exempt from tax to an eligible consumer, is guilty of an offence and liable
- for a first offence, to a fine up to \$10,000, or up to six months imprisonment, or both, and
 - for a subsequent offence, to a fine up to \$25,000 or up to one year imprisonment, or both.
54. A person who fails to submit a return or report or to provide information as and when required, or fails to maintain records when required, is guilty of an offence and liable to a fine of \$50 for each day of default.
55. A person who
- makes false statements in a return or document delivered or made under the *Fuel Tax Act*,
 - destroys, alters, mutilates or disposes of records of a person required to keep records under the *Fuel Tax Act*,
 - makes false entries or omits information in the records of a person required to keep records under the *Fuel Tax Act*,
 - willfully evades or attempts to evade compliance with the *Fuel Tax Act* or its regulations, or
 - conspires with any person to commit one of the offences set out in this paragraph,

is guilty of an offence and liable to a fine up to three times the difference between the amount of that should have been remitted and the amount remitted, or the refund obtained, or up to two years imprisonment, or both.

[Back to Index](#)

Tourism Levy Act

56. A person who fails to file a tourism levy return, or fails to provide or produce information or a document as required, is guilty of an offence and liable to a fine, as determined by a judge, for each day of default.
57. A person who fails to pay, collect or remit the tourism levy as and when required is guilty of offence and liable to a fine of not more than three times the tourism levy that was required to be paid, collected or remitted.
58. A person who
- makes false statements in a return or document prepared under the *Tourism Levy Act*,
 - destroys, alters, mutilates or disposes of records to be kept under the *Tourism Levy Act*,
 - makes false entries or omit information in records,
 - willfully evades or attempt to evade compliance with the *Tourism Levy Act*, or
 - conspires with any person to commit one of the offences set out in this paragraph,
- is guilty of an offence and liable to a fine up to three times the tourism levy sought to be evaded, or up to two years imprisonment, or both.
59. A corporation that willfully evades or attempts to evade payment of a tourism levy payable by it is guilty of an offence and liable to a fine up to three times the amount of tourism levy sought to be evaded.
60. A corporation that willfully claims or attempts to claim a refund greater than that to which it is entitled is guilty of an offence and liable to a fine up to three times the amount of the excess refund to which it was not entitled.
61. An individual guilty of an offence set out in the immediately preceding paragraph whose actions enabled, assisted or caused a corporation to evade or attempt to evade payment of the tourism levy payable by it is liable to a fine up to three times the tourism levy sought to be evaded, or up to two years imprisonment, or both. Similarly, an individual guilty of an offence set out in the immediately preceding paragraph whose actions enabled, assisted or caused a corporation to claim a refund greater than that to which it was entitled is liable to a fine up to three times the excess refund to which it was not entitled, or up to two years imprisonment, or both.

62. A person who contravenes any provision of the *Tourism Levy Act* for which a penalty is not otherwise provided is guilty of an offence and liable:
- for a first offence, to a fine up to \$1,000,
 - for a second offence, to a fine up to \$2,500, and
 - for a third or subsequent offence, to a fine up to \$5,000.

[Back to Index](#)

Contact Information and Useful Links

Email TRA:	TRA.Revenue@gov.ab.ca
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