



THE FUEL, ALCOHOL,  
CANNABIS AND TOBACCO



# FACT SALES TAX

The First Nations Tax Commission (FNTC) has been working with interested First Nations and the Department of Finance for many years on proposals to support First Nations implementation of jurisdiction for certain federal sales tax. Between 1997-2003, eight First Nations implemented a three product (fuel, alcohol, tobacco) federal sales tax known as the First Nations Tax (FNT). In 2003, a moratorium was placed on the FNT and legislation was introduced enabling the comprehensive First Nations Goods and Services Tax (FNGST). During this time, there remained strong interest in the FNT. Since 2003, a total of 28 First Nations have implemented FNGST.

## OUR PROPOSAL - FACT SALES TAX

In 2018, the FNTC began working with interested First Nations to advance a proposal for a Fuel, Alcohol, Cannabis, Tobacco (FACT) sales tax. Interested First Nations would collect a 5% sales tax on all fuel, alcohol, cannabis, and tobacco products sold on their lands in lieu of the GST collected on those products and include them as First Nations Fiscal Management Act (FMA) local revenues.

### The benefits of the FACT tax could include:

- Increased First Nation revenues to improve services and finance infrastructure
- Support and capacity development services for participating First Nations
- Reduction in grey market sales of FACT products
- Reduction in First Nation consumption and health related costs associated with FACT products
- Improved accountability through an expanded revenue based fiscal relationship

In April 2022, the federal government announced its intention to engage with First Nations on a framework that would support First Nations that are interested in implementing the FACT sales tax and the use of FACT revenues for improved services and development.

## FNTC SUPPORT

The FNTC will work with First Nations interested in engaging on the development of a FACT sales tax framework. Should you wish more information on the FACT sales tax, or if you are interested in attending a session to discuss a FACT sales tax framework please contact us:

1.866.272.2906 or [mail@fntc.ca](mailto:mail@fntc.ca)