

**RECIPROCAL TAXATION AGREEMENT**

**(Canada – British Columbia)**

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MEMORANDUM OF AGREEMENT

BETWEEN:

The Government of Canada (in this agreement referred to as "Canada"),  
represented by the Minister of Finance (the "Federal Minister")

AND

The Government of British Columbia (in this agreement referred to as "the  
Province") represented by the Minister of Finance (the "Provincial Minister")

TOGETHER referred to as the "parties".

PREAMBLE

WHEREAS:

the parties agree that the main objectives of this agreement are to

- (i) reduce compliance costs and promote simplicity for non-government vendors in respect of certain taxes and fees;
- (ii) enhance competitive equity as between government and non-government suppliers; and
- (iii) enhance consistency in reciprocal taxation between the parties and within Canada;

the parties agree to interpret and apply the provisions of this agreement in a manner that respects these objectives;

in order to achieve these objectives the parties agree to pay taxes and fees imposed by one another that are specified in this agreement;

the Federal Minister is authorized by section 32 of the *Federal-Provincial Fiscal Arrangements Act*, R.S.C. 1985, c. F-8 to enter into this agreement; and,

the Provincial Minister is authorized by an Order in Council made under section 4 of the *Ministry of Intergovernmental Relations Act*, R.S.B.C. 1996, c. 303 to enter into this agreement.

NOW, THEREFORE, the parties agree as follows:

PART I  
INTERPRETATION

Definitions

1. In this agreement:

“CITCA” means the Comprehensive Integrated Tax Coordination Agreement, fully executed as of November 30, 2009, between Canada and the Province, including any amendments to that agreement or any successor agreement;

“CRA” means the Canada Revenue Agency continued under the *Canada Revenue Agency Act*, S.C. 1999, c.17;

“Federal Act” means the *Excise Tax Act*, R.S.C. 1985, c. E-15;

“Federal Tax” means any tax imposed or levied under the Federal Act, other than the Value-Added Tax;

“FPFAA” means the *Federal-Provincial Fiscal Arrangements Act*, R.S.C. 1985, c. F-8;

“Government Rebate” means a rebate under Part XVI of the CITCA;

“Provincial Tax or Fee” means a tax or fee that is a provincial tax or fee as defined in subsection 31(1) of the FPFAA, and includes any such tax or fee which is imposed or levied under any of the following:

- (a) the *Carbon Tax Act*, S.B.C., 2008, c. 40,
- (b) the *Commercial Transport Act*, R.S.B.C. 1996, c. 58,
- (c) the *Consumption Tax Rebate and Transition Act*, S.B.C. 2010, c. 5
- (d) the *Hotel Room Tax Act*, R.S.B.C., 1996, c. 207,
- (e) the *Motor Fuel Tax Act*, R.S.B.C. 1996, c. 317,
- (f) the *Motor Vehicle Act*, R.S.B.C. 1996, c. 318,
- (g) the *Motor Vehicle (All Terrain) Act*, R.S.B.C. 1996, c. 319,
- (h) the *Passenger Transportation Act*, S.B.C. 2004, c. 39,
- (i) the *Tobacco Tax Act*, R.S.B.C. 1996, c. 452; and

“Value-Added Tax” means any tax imposed or levied under Part IX of the Federal Act.

### References

2. In this agreement, a reference to an Act of the federal Parliament or of the legislature of the Province is a reference to that Act, and to the regulations made under that Act, as amended from time to time.

### Application

3. This agreement is binding on Canada, the Province and their respective agents.

### Constitutional immunity

4. It is understood that neither Canada nor the Province is deemed, by reason of having entered into this agreement, to have surrendered or abandoned any of its powers, rights, privileges or authorities under the Constitution of Canada, or to have impaired any such powers, rights, privileges or authorities.

## PART II PAYMENT OF TAX

### Agreement by Canada

5. Canada agrees:
  - (a) to pay the Provincial Taxes or Fees in accordance with the provincial laws, as if these laws were applicable to it;
  - (b) to collect and remit the Provincial Taxes or Fees in respect of the sale of property or services by Canada in accordance with the provincial laws, as if these laws were applicable to it;
  - (c) to pay any other amounts on account of the Provincial Taxes or Fees collectible and remittable in accordance with this agreement that Canada failed to collect or remit to the Province; and
  - (d) to pay interest, but not penalties, in respect of any Provincial Taxes or Fees collectible by Canada in accordance with this agreement.

Agreement by the Province

6. The Province agrees:

- (a) to pay, subject to paragraph (b), any Federal Tax in accordance with the Federal Act, as if that Act were applicable to it;
- (b) to pay any tax imposed or levied under Part III of the Federal Act on goods imported by the Province, to the same extent as Canada pays that tax on any importation of goods;
- (c) not to apply for, nor claim the benefit of, any refund of tax paid under Part III of the Federal Act, or any payment in respect of such tax for which provision is made in section 68.19 of the Federal Act, and that no refund or payment in respect of tax paid under that Part can be granted under that section to an importer, transferee, manufacturer, producer, wholesaler, jobber or other dealer;
- (d) to pay, subject to clauses 6(e) and 7(1) the Value-Added Tax in accordance with the Federal Act;
- (e) not to claim a Government Rebate in respect of tax for which it has claimed, or will claim, a refund, input tax credit or other rebate under the Federal Act;
- (f) to collect and remit the Federal Tax in respect of the sale of property or services by the Province in accordance with the Federal Act;
- (g) to pay any other amounts on account of any tax imposed or levied under the Federal Act collectible and remittable under that Act in accordance with this agreement, that it failed to collect or remit to Canada; and
- (h) to pay interest, but not penalties, in respect of any tax imposed or levied under the Federal Act collectible by the Province in accordance with this agreement.

PART III  
GOVERNMENT REBATE

Government Rebate

7. (1) The provincial entities listed in Schedule A are entitled, on application to the CRA, to a Government Rebate in respect of any Value-Added Tax paid or payable by them. The rebate extends to any Value-Added Tax paid or payable on expenses incurred in the course of employment, by employees of those provincial entities.

- (2) The Province agrees to provide Canada, upon request, with any information necessary to determine the amount of a Government Rebate.

PART IV  
NON-DISCRIMINATION

Equality of treatment

8. (1) With respect to the imposition or administration of any tax or fee, each party agrees to treat the other party in a manner that is consistent with the rules of general application of the tax or fee.
- (2) For the purpose of this clause and any relevant provincial laws, the parties agree that:
- (a) any vessel operated by Canada is deemed to be a cargo or passenger vessel operated for the purposes of trade and commerce;
  - (b) any aircraft operated by Canada is deemed to be operated according to a regular flight schedule for the purposes of trade and commerce; and
  - (c) any tax levied in respect of the sale, rental or use of any such vessel or aircraft must be determined accordingly.

PART V  
DISPUTE RESOLUTION

Settlement of disputes under agreement

9. (1) If the parties fail to agree on the interpretation or application of this agreement, a party can refer the matter in dispute to a Board established in accordance with subclause (2).
- (2) A Board consists of three members. Canada and the Province shall each appoint a member. The third member shall be appointed by the two members already selected. If the two selected members fail to agree as to the third member, the parties shall request the Chief Justice of the Federal Court of Canada to select the third member. In the event of the absence or inability of the Chief Justice or a vacancy in that office, the request shall be made to the Acting Chief Justice of the Federal Court of Canada.
- (3) The parties agree to facilitate the constitution and functioning of the Board and to supply promptly any information required by the Board.
- (4) Canada agrees:

- (a) to inform the Province of any dispute arising under an agreement similar to this agreement with any other province or territory at least thirty days before the selection of a Board under any provision of the agreement with the other province or territory similar to subclause (2);
  - (b) that any other province or territory that enters into an agreement similar to this agreement is an interested party, for all purposes, in any proceeding before the Board and has the right to intervene and to make representations in the same manner as the parties; and
  - (c) to include a provision similar to this provision in any agreement similar to this agreement with any other province or territory.
- (5) The Board shall review any matter in dispute. The report of the majority of the Board, including any findings and recommendations, shall be submitted as soon as possible to the parties to this agreement, to the other interested parties and to the Federal Minister, who shall within a reasonable time thereafter forward the report to all other provinces and territories who have entered into similar agreements. Upon submission of its report, the Board will be dissolved.
- (6) Within a reasonable time after receiving the report, the parties to this agreement and all other interested parties shall approve or reject the recommendations of the Board and inform all other interested parties of their decision. When Canada and the Province agree with the recommendations, the recommendations become applicable at the time specified therein or at any time and manner agreed to by them.
- (7) The Board determines its own rules of procedure.
- (8) Canada shall pay, in the first instance, all reasonable expenses incurred by the Board, including the members' remuneration, witness fees, travel expenses and any other administrative costs. In its report, the Board shall apportion these expenses, in its sole discretion, between the parties to the agreement and amongst any other parties who may have made any representations to the Board.
- (9) This clause does not apply where a difference arises between the parties as to any matter related to the administration or enforcement of any Act that imposes a tax that a party has agreed to pay.



PART VI  
EXCHANGE OF INFORMATION

Information

10. Canada agrees to provide the Province, upon request and by notice in writing, with:
- (a) all agreements similar to this agreement between Canada and any province or territory, including any related amendments and administrative procedures; and
  - (b) all findings or decisions and recommendations of any Board established in accordance with clause 9 (or under similar provisions of agreements or arrangements entered into for purposes similar to that of this agreement with any province or territory) and any decision of the interested parties regarding a matter in dispute reviewed by the Board under such clause.

PART VII  
IMPLEMENTATION, AMENDMENTS AND RENEWAL

Implementation

11. Canada and the Province agree to introduce legislative measures and undertake the administrative measures they deem necessary to give effect to this agreement.

Amendments

12. (1) Subject to subclause (2), the parties may amend, alter or change this agreement by an exchange of letters between the Federal Minister and the Provincial Minister.
- (2) The parties may amend, alter or change any Schedule to this agreement by exchange of letters between, in the case of Canada:

The Director  
Intergovernmental Tax Policy Evaluation and Research Division  
Department of Finance  
Government of Canada  
Ottawa, Ontario  
K1A 0G5

and, in case of the Province:

The Executive Director  
Tax Policy Branch  
Ministry of Finance  
Government of British Columbia  
617 Government Street, 1<sup>st</sup> Floor  
Victoria, British Columbia  
V8W 9V8

Renewal

13. The parties agree that they will commence discussions for the purpose of entering into another agreement similar to this one, not later than six months prior to the end of this agreement.

PART VIII  
TERM

Effective date

14. This agreement is effective as of July 1, 2010.

Duration

15. (1) This agreement shall end on December 31, 2015, except if either party terminates the agreement earlier by giving six months notice in writing to the other party.
- (2) No rights or obligations which may have accrued to either party during the term of this agreement are affected if this agreement ceases to have effect.

Execution in counterparts

16. This Agreement may be executed in counterparts each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument. A party may accept and rely on an executed counterpart as an original, notwithstanding that it is received in the form of a facsimile or a portable document format file (pdf) if the party delivering the document in such form promptly provides the counterpart bearing the original signature.

EXECUTION

IN WITNESS WHEREOF, THIS AGREEMENT IS SIGNED IN DUPLICATE,

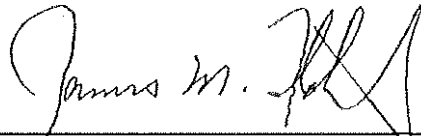
THE GOVERNMENT OF CANADA

AT OTTAWA

THIS 29<sup>th</sup> DAY OF JUNE 2010

BY

The Honourable James M. Flaherty



Minister of Finance for the Government of Canada

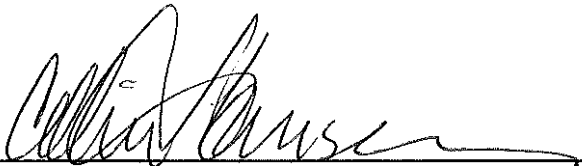
THE GOVERNMENT OF BRITISH COLUMBIA

AT VICTORIA

THIS 30 DAY OF JUNE 2010

BY

The Honourable Colin Hansen



Minister of Finance for the Government  
of British Columbia

## SCHEDULE A

All Government of British Columbia Ministries, Offices and Secretariats  
(except Liquor Distribution Branch)

Legislative Assembly of British Columbia and its Offices and Committees, including:

- Elections BC
- Office of the Auditor General
- Office of the Conflict of Interest Commissioner
- Office of the Information and Privacy Commissioner
- Office of the Lobbyists Registrar
- Office of the Merit Commissioner
- Office of the Ombudsman
- Office of the Police Complaints Commissioner
- Office of the Representative for Children and Youth

Legislative Library of British Columbia

Aquaculture Industry Advisory Council  
Auditor Certification Board

- B.C. Arts Council
- B.C. Coroners Service
- B.C. Council on Admissions and Transfers
- B.C. Farm Industry Review Board
- B.C. Ferry Commission
- B.C. Fire Safety Advisory Council
- B.C. Games Society
- B.C. Government House Foundation
- B.C. Housing Management Commission (BC Housing)
- B.C. Human Rights Tribunal
- B.C. Review Board
- B.C. Securities Commission
- B.C. Transportation Financing Authority
- B.C. Utilities Commission
- Board of Examiners (Education)
- Board of Examiners (Municipal)
- British Columbia Innovation Council
- Building Code Appeal Board
- Bull Control Committee

SCHEDULE A (continued)

Class "C" Provincial Park Board  
Community Care and Assisted Living Appeal Board  
Community Living British Columbia  
Credit Union Deposit Insurance Corporation

Education Advisory Council  
Electoral Boundaries Commission  
Emergency Health Services Commission  
Employment Standards Tribunal  
Environment Assessment Office  
Environmental Appeal Board

Financial Institutions Commission  
Financial Services Tribunal  
First Peoples' Heritage, Language & Culture Council  
Forensic Psychiatric Services Commission  
Forest Appeals Commission  
Forest Practices Board  
Forestry Innovation Investment Ltd  
Foundation for the University of Victoria

Game Farming Advisory Council

Health Professions Review Board  
Hospital Appeal Board  
Hospitals Foundation of B.C.

Industrial Inquiry Commission  
Industry Training Authority  
Insurance Corporation of B.C. (Administration)  
Insurance Council of B.C.

Judges Compensation Commission  
Judicial Judges Compensation Commission

Labour Relations Board

Mediation and Arbitration Board  
Medical Manpower Advisory Board  
Medical Review Board  
Medical Services Commission

SCHEDULE A (continued)

Multicultural Advisory Council  
Municipal Finance Authority of B.C.

Native Economic Development Advisory Board

Oil and Gas Commission

Patient Care Quality Review Boards  
Premier's Advisory Council on Science and Technology  
Premier's Economic Advisory Council  
Property Assessment Appeal Board  
Property Assessment Review Panel  
Provincial Agricultural Land Commission  
Provincial Rental Housing Corporation of B.C.  
Provincial Capital Commission  
Provincial Child Care Council  
Public Documents Committee  
Public Guardian and Trustee  
Public Sector Employers' Council  
Public Sector Pension Trust Accounts

Royal Commissions and Inquiries  
Royal Roads University Foundation

Safety Standards Appeal Board  
Seniors Advisory Council (Health)  
Simon Fraser University Foundation

Transportation Investment Corporation  
Trinity Western University Foundation

University of B.C. Foundation  
University of Northern B.C. Foundation

Workers' Compensation Board (WorkSafe BC)  
Workers' Compensation Appeal Tribunal