

Consumer Taxes

TVQ. 512-1 **Payment of the tax on automobile insurance premiums by Indians and Indian bands**

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Reference(s): *An Act respecting the Québec sales tax (R.S.Q., c. T-0.1), section 512*

This bulletin explains the rules concerning Indians, Indian bands and band-empowered entities, and the application of the tax on insurance premiums to their automobile insurance premiums and the insurance contributions they are required to pay to the Société de l'assurance automobile du Québec (SAAQ).

APPLICATION OF THE ACT

1. As of May 7, 2004, Indians resident on a reserve, and Indian bands and band-empowered entities situated on a reserve are no longer required to pay the 5% tax on insurance premiums in respect of the automobile insurance premiums they are required to pay to insurers or insurance brokers.
2. Furthermore, as of that date, they are no longer required to pay the 9% tax on insurance premiums in respect of the insurance contributions they are required to pay to the SAAQ when obtaining or renewing their driver's licences or the registration for motor vehicles that they own or for which they hold a long-term lease.
3. To benefit from this measure, Indians must be registered under the *Indian Act* (R.S.C., 1985, c. I-5) and resident on a reserve. Thus, they must be able to provide a copy of their Certificate of Indian Status identification card issued by the Department of Indian Affairs and Northern Development and proof of residence on a reserve.
4. Indian bands and band-empowered entities must be situated on a reserve. Therefore, they must be able to provide proof that they maintain a presence on a reserve and a statement certifying that the motor vehicle covered by the insurance policy or registration is intended for band management activities.
5. The concepts of "Indian", "Indian band", "band-empowered entity" and "reserve" are defined in technical information bulletin B-039R, entitled "GST Administrative Policy – Application of GST to Indians", published by the Canada Revenue Agency on November 25, 1993.
6. The Indians, Indian bands and band-empowered entities of the settlements of Hunter's Point, Kitcisakik (Grand-Lac-Victoria) and Pakuashipi (Saint-Augustin) also benefit from this measure.

7. The automobile insurance premiums covered by this measure are those payable under insurance policies the form and conditions of which are approved by the Autorité des marchés financiers. These insurance policies are designated by the initials “Q.P.F.”, and the endorsements of such policies are designated by the initials “Q.E.F.”. They cover, in particular, the following land motor vehicles:

- passenger vehicles, motorcycles and motor homes, as well as their equipment and accessories, trailers and semi-trailers;
- vehicles used solely for recreational purposes, such as snowmobiles, mini-bikes, mini-compact cars, all-terrain vehicles and dune buggies;
- buses;
- heavy vehicles, including trucks;
- tool vehicles (any vehicle which is manufactured to perform work and the work station of which is an integral part of the driver’s compartment).

8. However, the following vehicles are not covered by the measure:

- vehicles that run only on rails;
- bicycles equipped with an electric motor (mopeds), electrically propelled wheelchairs, and three- and four-wheel personal mobility vehicles;
- motorboats;
- aircraft.

9. Also covered by this measure are automobile insurance premiums payable under policies equivalent to policies the form and conditions of which are approved by the Autorité des marchés financiers, such as insurance policies covering motor vehicles that travel solely off public highways and the civil liability related to the ownership, use and operation of such vehicles, and automobile policies underwritten outside Québec.

10. The rules contained in this bulletin apply to insurance premiums and contributions paid since May 7, 2004.

11. Also, although the persons who collect the tax on insurance premiums may reimburse the tax to their clients, Indians, Indian bands and band-empowered entities wishing to obtain a rebate of the tax they have paid since May 7, 2004, must contact Revenu Québec directly by completing form VD-403-V, General Application for a Québec Sales Tax (QST) Rebate.

12. This bulletin applies beginning May 7, 2004.