



Hon. Chrystia Freeland MP PC
Deputy Prime Minister and Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

September 22, 2022

Dear Minister,

The National Aboriginal Trust Officers Association (NATO A) and MNP are jointly writing to you in response to Finance Canada's current tax reform consultation process and the proposed new disclosure and reporting requirements for trusts in Canada. NATO A and MNP's national accounting and business consulting practices came together last year out of our collective concern related to the unintended consequences to Indigenous Canadians and communities across Canada arising out of these trust reporting proposals.

As you will be aware, when originally announced in 2018, the Department of Finance stated that the intent of the proposed changes was to "counter aggressive tax avoidance as well as tax evasion, money laundering and other criminal activities." We do not believe that it was intended that trusts that have an Indigenous community (First Nation, Metis or Inuit) as the settlor and beneficiary, or a trust set up solely for the benefit of minor children who are members of Indigenous communities (collectively "Indigenous Trusts") were to be included in the scope of these changes. After several months of discussions with your political staff, departmental officials, Crown-Indigenous Relations and Indigenous Services Canada, we are encouraged by the amended language presented in the updated consultation package tabled in August 2022:

"in respect of a trust, the beneficiaries of which are all of the members of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of The Constitution Act, 1982, or an identifiable class of the members of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of The Constitution Act, 1982, the person making the return provides a sufficiently detailed description of the class of beneficiaries to determine with certainty whether any particular person is a member of that class of beneficiaries"

Many Indigenous trusts were created because it was a requirement of a Specific Claim settlement with the Government of Canada (those settled before the early 2000's included a Trust requirement in the settlement agreement). Since then, through their experience Indigenous communities recognize that Trust structures are an excellent way to set aside settlement or other own source revenue money to create a legacy for members now and in the future and to remove the funds from "political" considerations in the case of changes in leadership – separation from politics. Absent this amendment, the new disclosure requirements would have placed a significant administrative burden on Indigenous communities.



We remain concerned that very few Indigenous communities and organizations have been properly consulted on these consequential trust and tax reforms. Therefore, NATOA is taking the important step of publishing this letter on its association website to further encourage all Canadians, both Indigenous and Non-Indigenous to participate in the process by contacting the Canada Revenue Agency and the Department of Finance who are accepting comments from Canadians on the proposed legislation until September 30, 2022. Anyone who would be affected by the new legislation can submit their feedback to consultation-Legislation@fin.gc.ca ahead of the deadline.

Sincerely,

Vickie Whitehead, CPA, CGA, ICD.D, CAFM
Board Chair,
National Aboriginal Trust Officers Association

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Partner & National Lead,
Indigenous Tax Services, MNP LLP

c.c. **Hon. Marc Miller**, PC, MP, Minister of Crown-Indigenous Relations
Hon. Patricia Hajdu, PC, MP, Minister of Indigenous Services