Agence du revenu du Canada

## DETERMINATION OF EXEMPTION OF A STATUS INDIAN'S EMPLOYMENT INCOME

## **General Information**

- To ensure correct information is entered, we suggest that this form be completed by the employer, in the presence of the employee.
- As an employer, you can use this form to determine the type of exemption that applies to a status Indian's employment income. For the
  purpose of this exemption, a status Indian is someone who is registered with Indian and Northern Affairs Canada as an Indian, according
  to the term of the Indian Act, or who is entitled to be so registered.
- The employment income from a particular employment will not be exempt from income tax where one of the main reasons for the
  existence of that employment relationship is to establish a connecting factor to a reserve.
- We have created this form according to the Indian Act Exemption for Employment Income Guidelines. See our Web site at www.cra-arc.gc.ca/aboriginalpeoples for a description of the Guidelines.
- If the employee's circumstances change, the employee will be required to complete a new form.
- We use the term "employee" on this form to refer only to an employee who is Indian.
- · Keep a completed form on file for each employee. We may ask to review it.

For more information, contact your tax services office.

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st name (please print)  Usual first name and initial(s)		al(s)	Social insurance number			
Residential address including postal code						
Is the above address located on a reserv	re?	Yes No				
Is the employee registered as an Indian	under the <i>Indian Act</i> ?	Yes No				
Is the employee entitled to be registered	as an Indian under the Indian Act?	Yes No				
Does the employee perform employment	t duties:					
1. entirely on reserve?	2. entirely off reserve?	3. partially on	and partially off reserve?			
If you chose 3 above, indicate the percentage of the employment duties the employee performs on the reserve:						
Type of exemption: (tick the box beside the situation that applies)						
All of the employee's employment income is exempt* from income tax if any one of the following situations apply:						
the employee performs at least 90% of the employment duties on a reserve (Guideline 1);						
the employee and the employer reside on a reserve (Guideline 2);						
the employee performs <b>more than 50%</b> of the employment duties on the reserve, and the employee or the employer resides on a reserve (Guideline 3); or						
the employee's employment duties are connected to the employer's non-commercial activities carried on exclusively for the benefit of Indians who, for the most part, reside on reserves and the employer resides on a reserve; <b>and</b> the employer is:						
<ul> <li>an Indian band that has a reserve or a tribal council representing one or more Indian bands that have reserves; or</li> </ul>						
an Indian organization controlled by one or more such bands or tribal councils and is dedicated exclusively to the social, cultural, educational, or economic development of Indians who, for the most part, reside on reserves. (Guideline 4)						
* Proration Rule may apply: When less than 90% of the duties of an employment are performed on a reserve and the employment income is not exempted by another guideline, the exemption is to be prorated. The exemption will apply to the portion of the income related to the duties performed on the reserve.						
Employee Certification I certify that the information given in this	return is, to the best of my knowledge,	•				
Signature Date						

**Employment-related income** 

Employment Insurance benefits, retiring allowances, Canada Pension Plan payments, Quebec Pension Plan payments, registered pension plan benefits, or wage loss replacement plan benefits will usually be exempt from income tax when they are received as a result of employment income that was exempt from tax. If a portion of the employment income was exempt, then a similar portion of these amounts will be exempt.

**Note:** For information on the requirements to deduct Canada Pension Plan contributions and Employment Insurance premiums, and for instructions on the reporting requirements, see Guide T4001, *Employers Guide – Payroll Deductions and Remittances* 

