

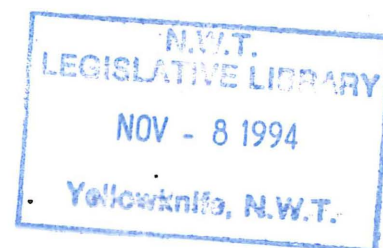


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SEP 16 1994

Dene National Chief Bill Erasmus  
Dene Nation  
P.O. BOX 2338  
YELLOWKNIFE, NT X1A 2P7



Dear Chief Erasmus:

**NWT Payroll Tax**

I am writing to review with you the status of our discussions on the application of the NWT Payroll Tax to employees of the Dene Nation.

When we met at the Red Apple restaurant last fall, I explained to you that the tax liability of the Dene Nation employees under the *Payroll Tax Act* was largely determined by their tax liability under the *Income Tax Act* of Canada. The *Payroll Tax Act* defines the salaries and wages subject to taxation by reference to the *Income Tax Act* of Canada. We agreed that the treatment of the employees under the *Payroll Tax Act* would be the same as their treatment under the *Income Tax Act* of Canada.

At our second meeting of June 21, 1994 with Mr. Nielsen, I informed you that the Honourable Ron Irwin, federal Minister of Indian Affairs and Northern Development, had advised Chief Paulette that a Remission Order covering Indians residing in the Treaty 8 land area could not be issued. Since you had not seen this letter, we agreed that the Government of the Northwest Territories would try to obtain a copy of the letter. Alternatively, we would ask Minister Irwin to state his government's position on this question.

Attached is a copy of Minister Irwin's July 28, 1994 letter. It explicitly states the federal government's position that the Treaty 8 Dene "do not as yet meet the criteria" to qualify for a Remission Order for income taxes.

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As part of our discussions, I agreed that the Government of the Northwest Territories would not pursue the issue of the registration of the Dene Nation as an employer under the *Payroll Tax Act* and the remittance of payroll deductions until the federal position was known.

Now that the question has been clarified, I respectfully request that the Dene Nation immediately comply with the provisions of the *Payroll Tax Act* by registering as an employer and remitting the tax collected from its employees to the Government of the Northwest Territories.

Sincerely,



John D. Pollard  
Minister

Attachment