

# Information Refresher...

## Expenditure Law (Tax Budget)

Expenditure standards are established by the First Nations Tax Commission to ensure the integrity of the First Nations Property Taxation system. Expenditure standards assist First Nations to achieve economic growth through the stable local revenues.

Standards set out the requirements that must be met for First Nation expenditure laws enacted under the First Nations Fiscal Management Act. These standards are used by the Commission in its review and approval of First Nations Annual Expenditure Laws.

*Expenditure standards are intended to support a move comprehensive First Nation fiscal framework.*



### Annual Expenditure Law (tax budget)

First Nations are required to make an Annual Expenditure Law which provides the First Nations with the authority to expend revenues collected under their property taxation laws for the current tax year.

The Annual Expenditure Law sets out how the First Nation:

- Intends to spend the property tax revenues it will collect
- Authorizes grant amounts
- Establishes reserve funds (Capital and Contingency)

Expenditures of local revenues can only be made in accordance with the budget set out in an expenditure law. Under the FMA, the budgeted expenditures must not exceed the budgeted revenues.

Annual expenditure laws enacted under the First Nation Fiscal Management Act (FMA) must comply with all requirements and regulations made under the FMA, along with the applicable First Nations Tax Commission (FNTC) standards.

**These standards apply to every expenditure law submitted to the Commission for approval under the Act.**

**Taxation budgets enacted under the FMA must comply with all statutory requirements, any regulations made under the FMA and any standards established by the First Nations Tax Commission.**

- Review the full list of expenditure items in the Standards for First Nations Expenditure Laws, 2017 on the FNTC website: [www.fntc.ca](http://www.fntc.ca)
- You are encouraged to view the PIB Property Taxation website, which is updated frequently to learn more about First Nations Property Tax. [www.pib.ca](http://www.pib.ca) – Property Taxation
- See all of PIB's expenditure and rates laws from 2008 to current on the First Nations Gazette website: [www.fng.ca](http://www.fng.ca) – Search Penticton Indian Band.

# STANDARDS FOR FIRST NATION EXPENDITURE LAWS, 2017

## PART I PREAMBLE

WHEREAS:

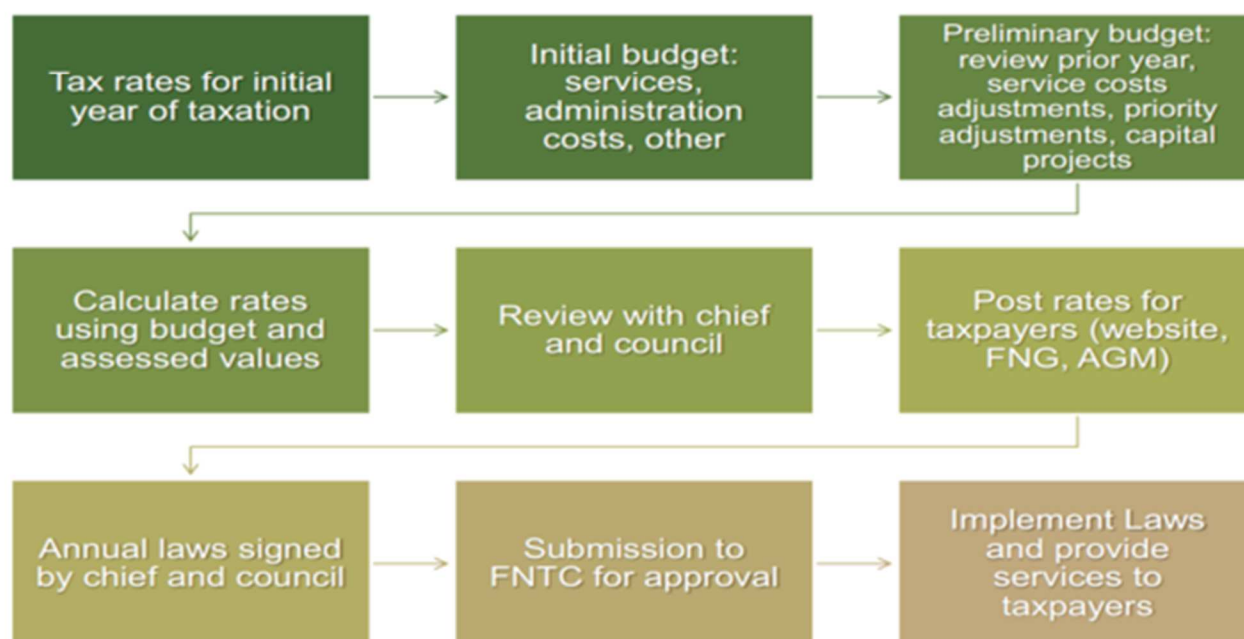
- A. Section 35 of the *First Nations Fiscal Management Act* gives the First Nations Tax Commission the authority to establish standards respecting the form and content of First Nation local revenue laws enacted under subsection 5(1) of the Act;
- B. Standards are established by the Commission to further the policy objectives of the Commission and the Act, including to ensure the integrity of the First Nations property taxation system and to assist First Nations to achieve economic growth through the generation of stable local revenues; and
- C. Section 31 of the Act requires the Commission to review every local revenue law and subsection 5(2) of the Act provides that such a law has no force and effect until it is reviewed and approved by the Commission.

## PART II PURPOSE

These Standards set out the requirements that must be met for First Nation expenditure laws enacted under paragraph 5(1)(b) and subsection 10(2) of the Act. These Standards are used by the Commission in its review and approval of First Nations' expenditure laws, pursuant to section 31 of the Act. The requirements established in these Standards are in addition to those requirements set out in the Act.

The Commission recognizes that each First Nation's property taxation system operates within the broader context of its fiscal relationships with other governments. These Standards are intended to support a more comprehensive First Nation fiscal framework within Canada.

## ELEMENTS OF THE BUDGET RATE AND SETTING PROCESS



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