

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 556-19(2): NORTHERN RESIDENT TAX DEDUCTION

February 12, 2021

MR. O'REILLY: Merci, Monsieur le President. My question is for the Minister of Finance. I raised the usual issues around the northern resident tax deductions earlier today. The deductions are not indexed. Northerners get audited far too often, and we have to guess at the lowest return airfare. Look, I understand that the Minister here is not responsible for this, but she is our liaison with the federal Minister for the Canada Revenue Agency and speaks on behalf of Northerners. Can the Minister tell us whether there were any outcomes or changes as a result of the April 2019 federal consultation on lowest return airfare requirements? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Finance.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. I am not the federal Finance Minister and I don't control the federal taxation. There is a new Finance Minister over in the federal government, as well, so it may well be that there is more change yet to come. As for any formal changes, I can say that we've been advised that the Canada Revenue Agency expects that some of the challenges that may have led to more audits have been resolved and, indeed, that that hopefully should not continue to be a problem for residents of the Northwest Territories. Aside from that, I don't have a, "what we heard" report from the federal government. I can certainly follow up and see if they have anything further, but that's really the best I can offer, being the Minister from the Northwest Territories. Thank you, Mr. Speaker.

MR. O'REILLY: I want to thank the Minister for that offer to follow up. I would encourage her to do that. That consultation finished in April 2019 and, as I said, it's been radio silence ever since. A lot of residents did not travel South in 2020 due to the COVID pandemic. It is my understanding that recreational trips taken within the NWT are still eligible for vacation travel assistance deductions, as long as people have receipts. Can the Minister tell us whether this is still the case and whether there have been any discussions with Canada Revenue Agency officials about flexibility with this travel within the North as people begin to file their income tax for 2020?

HON. CAROLINE WAWZONEK: Yes, trips in the Northwest Territories do qualify for the travel deduction. That is specifically a maximum of two trips per year per household member, so please go take your staycation and continue to do so. For those eligible trips, Northwest Territories taxpayers are claiming, well, there's a number of different things, and I don't know if this is the right opportunity to be going through all the tax advice that people might need, but the advice is out there. In short, yes, the staycations people have been taking to support our local economy are, indeed, eligible for claiming.

MR. O'REILLY: I want to thank the Minister for that. The flawed system of northern resident tax deductions has been in place for about 33 years. Can the Minister tell us

whether she has ever raised this issue with federal officials and what the response was?

HON. CAROLINE WAWZONEK: I can't disagree that the indexing or the lack of indexing is certainly a challenge. It doesn't allow us to be matching up to inflation, necessarily, but we certainly do get a benefit in terms of our northern residence deduction, so I want to be a bit cautious before biting the hand that feeds us all. That said, the last year, I've had a lot of engagement with the federal Finance Ministers, both of them, and it's been positive. The focus has been on COVID-19 relief and supports. It is certainly my expectation that, as we have all gotten back a bit more to some of the more regularly scheduled programming between finance departments, while we will continue to have those conversations about COVID-19, we'll be in a better position now to get back to conversations, including this one about indexing.

MR. SPEAKER: Thank you, Minister. Final supplementary. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for that. The issue is not just about indexing, though, it's about trying to guess what the lowest return airfare is each year. I just don't know why Canada Revenue Agency just can't set what it is and tell people or make it publicly available. It's a bundle of issues there, and I'd rather not be here next year or the year after, maybe even the year after that, bothering the Finance Minister about it, so I would like to encourage her to try to work with her colleagues in Nunavut and Yukon, maybe even get together with them and write a joint letter, but somebody has to start this again, this conversation and putting some pressure on the federal government. Can the Minister tell us what she is prepared to do to resolve these chronic problems with the northern resident tax deductions? Mahsi, Mr. Speaker.

HON. CAROLINE WAWZONEK: I am glad the question stays on the same train of thought because I should add that officials actually have continued to engage on this topic. So, to the extent that there has been some improvement with respect to Canada Revenue Agency looking specifically to Northerners as well as trying to simplify at least a little bit the lowest return airfare, that is the benefit of having the officials continuing to engage on the day-to-day work that does impact us. Look, I'm happy to commit to checking in with my colleagues in Nunavut and Yukon to see if this is an issue that is of shared interest to us, and to then consider whether or not a joint letter would be appropriate, but I'll make that initial engagement first. Thank you, Mr. Speaker.