

## ARTICLE 18

### TAXATION

#### PART 18.1: GENERAL RULES

- 18.1.1 There shall be no federal or territorial tax or municipal government tax of any kind or nature whatsoever, or similar charges exigible in respect of the payment to or receipt by Makivik, the MDO or the Nunavik Inuit Trust, of the following amounts paid by the Government of Canada pursuant to this Agreement:
- (a) any capital transfer referred to in Article 16;
  - (b) any implementation monies or funds referred to in Article 23.
- 18.1.2 Subject to section 18.1.1, tax laws of general application shall apply to Makivik, a MDO, the Nunavik Inuit Trust or any other recipient of a portion of the capital transfer, and to the recipient of any capital or income from Makivik, a MDO or the Nunavik Inuit Trust.
- 18.1.3 Nunavik Inuit Lands shall be deemed not to be reserves for the purposes of s. 87 of the *Indian Act*, R.S.C. 1985, c.I-5.

#### PART 18.2: INCOME FROM NUNAVIK INUIT LANDS AND DEPRECIABLE PROPERTY

- 18.2.1 All profits, rents, royalties and other revenues or gain derived from Nunavik Inuit Lands shall be taxable under laws of general application except as otherwise provided in this Agreement.

##### *Acquisition Cost of Lands*

- 18.2.2 The cost of acquisition to a Nunavik Inuk, to Makivik or a MDO of any real property acquired under this Agreement, other than depreciable property, shall, for the purposes of the *Income Tax Act*, be deemed to be an amount equal to the fair market value thereof at the earlier of:
- (a) the time at which title to such property is registered in the name of the Nunavik Inuk, Makivik or the MDO; or
  - (b) the time at which any right or interest in such property is acquired by the Nunavik Inuk, Makivik or the MDO.

### ***Disposition of Lands***

18.2.3 Where any real property acquired under this Agreement, other than depreciable property, is disposed of by Makivik or the MDO (the "transferor")

- (a) to a Nunavik Inuk (the "transferee"), and such real property has not previously been disposed of by Makivik or the MDO to another Nunavik Inuk, or
- (b) within ten years of the vesting of such property in Makivik or the MDO, by Makivik or that MDO to another MDO (the "transferee"),

the real property shall, for the purpose of the *Income Tax Act*, be deemed to have been disposed of by the transferor for proceeds of disposition equal to the greater of the amount that would otherwise be the proceeds of disposition and the adjusted cost base to the transferor of the real property at that time, and to have been acquired by the transferee at a cost equal to the amount at which it was deemed to have been disposed.

### ***Disposition of Depreciable Property***

18.2.4 The rules of sections 18.2.2 and 18.2.3 shall apply to depreciable property with such modifications as the circumstances require.