

THE INDIAN RESIDENTIAL SCHOOLS SETTLEMENT AGREEMENT (IRSSA)
CLARIFICATION REGARDING THE APPLICATION OF PROVINCIAL SALES TAX TO LEGAL FEES

This notice is intended to provide guidance to lawyers and law firms regarding the application of Provincial Sales Tax (PST) to legal fees or amounts charged for legal services provided in regard to IRSSA claims.

Under the IRSSA, claims can be related to Common Experience Payments (CEPs) or the Independent Assessment Process (IAP).

1. Legal Fees related to CEP claims:

The IRSSA specifies that legal fees and disbursements related to CEP claims are to be invoiced or submitted directly to the Government of Canada for payment, not charged to the eligible CEP recipient.

PST is not applicable to legal fees that are invoiced directly to a federal government department.

2. Legal Fees related to IAP claims:

The IRSSA specifies that the Government of Canada will contribute up to an additional 15 per cent of the awarded compensation amount, to help claimants with their legal fees.

Lawyers or law firms may charge their client for legal fees up to 30 per cent of the compensation awarded plus applicable taxes. An adjudicator will review the proposed billing to the client and approve the amounts to be charged; however, the legal fees for IAP claims remain the claimant's responsibility.

PST is applicable to legal fees charged to the client in regard to an IAP claim. These services do not fall within the PST exemption provided to Status Indians (see Section E of Information Bulletin PST-64, *Information for Lawyers*) and the IRSSA states that the claimant is responsible for PST.

3. Disbursements:

Under the IRSSA, law firms submit disbursements directly to the Government of Canada for reimbursement. Disbursement charges are reviewed by Settlement Agreement Operations (SAO) who will not always pay the full amount requested. Approved amounts are included in the settlement payment (amount) sent to the law firm.

Many disbursement charges are exempt from PST when itemized separately from legal services on an invoice provided to the client. Further information on taxable and exempt disbursement charges is provided in Section F of Information Bulletin PST-64, *Information for Lawyers*.

PST is not applicable to disbursement charges invoiced directly to a federal government department.

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

Email: sasktaxinfo@gov.sk.ca

In-Person: Ministry of Finance
Revenue Division
2350 Albert St
REGINA SK S4P 4A6

Fax: 306-787-9644

Internet: Tax bulletins, forms and information are available [here](#).

Government website: <http://www.saskatchewan.ca/>