

Government of  
Northwest Territories

June 26, 2023

KEVIN O'REILLY  
MLA, FRAME LAKE**Oral Question 1451-19(2) Northern Resident Travel Deduction**

This is in response to your March 8, 2023 Oral Question regarding concerns and confusion created by discrepancies in the lowest return airfare table published by the Canada Revenue Agency and Canadian North for use in calculating the Northern Resident Travel Deduction.

The Canada Revenue Agency published the lowest return airfare table as part of a pilot program to simplify the method for northern residents to determine the Lowest Return Airfare when claiming a northern resident's travel deduction. This pilot program is part of the Canada Revenue Agency's ongoing efforts to simplify the tax system for Canadians but together finance ministers in the three territories have also raised issues of complexity in the Northern Resident Travel Deduction along with other administration issues with the Agency. Other territorial concerns with the Northern Residents Deduction, especially territorial calls for indexing the amounts are raised with Finance Canada at every opportunity.

While the discrepancies between the published Canada Revenue Agency and the Canadian North airfares caused concern for tax filers this time, the Canada Revenue Agency and territorial finance officials are discussing ways to better communicate with taxpayers that the Agency's Lowest Return Airfare table is one of two options available for NWT taxpayers when claiming a northern residents' travel deduction. By using the Agency's lowest return airfare table no documentation is required. However, NWT residents also have the option to obtain a quote for the lowest economy return airfare available for the travel day but, if asked by the Canada Revenue Agency, the taxpayer is required to produce documents to support their claim. The Canada Revenue Agency accepts that the two options will result in different lowest return airfares that the taxpayer can choose in the calculation of their travel deduction.

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The Canada Revenue Agency continues seeking feedback from northern residents to make the process of claiming the travel deduction and residents can email their suggestions or call the Agency's dedicated telephone service for territorial residents.

Thank you.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Caroline Wawzonek  
Minister of Finance

- c. Clerk of the Legislative Assembly  
Legislative Coordinator, Executive and Indigenous Affairs