

ETN: 103
(Revised – June 2016)

April 2013

GENERAL INSTRUCTIONS FOR VENDORS

INTRODUCTION

This notice is prepared to assist vendors registered under the [Environment Tax Act](#) to meet their obligations in relation to the collection and remittance of environment tax.

VENDOR

A vendor is a business that sells tires to consumers. All vendors making retail sales of tires are considered to be agents of the Minister of Finance, and are required to charge, collect and remit the tax imposed under the [Environment Tax Act](#). The tax is due at the time the sale is made regardless of the method of payment (cash, charge, lay-away, installment etc.). **The terms of payment have no bearing on the collection and remittance of tax.**

REGISTRATION

A vendor must obtain a “Certificate of Registration” under the [Environment Tax Act](#) before selling tires to a consumer or another vendor. “[Application for Registration to Collect Environment Tax](#)” forms are available on our website at www.taxandland.pe.ca, at any Access PEI Centre or by contacting Taxation and Property Records Division at the address provided at the end of this notice.

Once the “[Application for Registration to Collect Environment Tax](#)” is approved, a vendor registration kit will be issued which will include a “Certificate of Registration” and a letter providing the vendor’s account number and reporting period for remitting the environment tax.

The “Certificate of Registration” must be displayed prominently in the place of business for which it is issued.

RETURN OF THE CERTIFICATE OF REGISTRATION

The “Certificate of Registration” becomes invalid and must be returned to the Taxation and Property Records Division for correction or destruction when:

- (a) the name of the business changes;
- (b) the address of the business changes;
- (c) the business no longer retails tires;
- (d) the form of business (partnership, corporation or proprietorship) changes; or
- (e) the business closes permanently.

REPORTING AND REMITTING THE TAX

Vendors are required to file tax returns and remit the tax on a quarterly basis for the periods ending March 31, June 30, September 30 and December 31. Quarterly tax returns and tax remittances must be received on or before the 20th day of the month following the end of the quarter. For the convenience of vendors, quarterly returns may be filed online using the Business Portal or through any major bank using the Telus tax filing option.

Tax returns may be filed and tax remittances made at any Access PEI Centre or to Taxation and Property Records at the address provided at the end of this notice. The “Environment Tax Return” form is available on our website at www.taxandland.pe.ca.

Should a vendor have no sales of tires during a reporting period, the vendor is required to file a return marked “nil” for that period.

The current environment tax rates are available in [ETN:101 Environment Tax](#).

COLLECTING AND REMITTING TAX

Vendors who sell tires act as agents of the Minister of Finance and must register and collect the tax on their sales. For collecting and remitting the tax, vendors who reported environment tax of \$10,000 or less for the prior fiscal year of the Province (from April 1 to March 31) are eligible for a commission of 3% of the tax collected during the current fiscal year of the Province, to an annual maximum of \$300.

For the purposes of the *Environment Tax Act*, “tire” and “new tire” are defined as:

1(1)(k) “tire” means

- (i) a pneumatic tire for use with a motor vehicle, and
- (ii) a solid rubber tire sold with an automobile or truck for use as a spare tire,

but does not include a retreaded pneumatic tire;

1(1)(c) “new tire” means

(i) a tire, other than one referred to in subclause (ii), that has not previously been sold at a retail sale in the province, or

(ii) a tire that is attached to, or included with, a motor vehicle at the time of the first retail sale in the province of that motor vehicle.

For greater clarity, a motor vehicle dealer who brings new or used motor vehicles into the Province is required to charge, collect and remit the tax on the tires included with the motor vehicle brought into the Province.

FAILURE TO REMIT TAX

Where a vendor fails

(a) to file a return;

(b) to collect tax as required under the [Environment Tax Act](#);

(c) to substantiate his return with records.

This office may make an estimate of

(a) the amount of tax collected;

(b) the tax which should have been collected;

(c) the deposits made with such vendor which were not remitted.

The estimated amount shall be due and payable.

Every person who fails to file a return as and when required is guilty of an offence and on summary conviction is liable to a fine of not less than \$100 in respect of each unfiled return.

PENALTY, INTEREST AND LOSS OF COMMISSION

A penalty at the rate of 5% of the tax collected will be assessed against any vendor whose tax return and remittance of tax is overdue. Any overdue tax will bear interest at a rate established in the regulations under the [Revenue Administration Act](#).

Any otherwise eligible commission will be disallowed where the environment tax return form is not filed by the due date.

RECORDS

All vendors may be visited periodically by a Tax Inspector or Tax Auditor. The purpose of such a visit is to ensure that the tax is being collected and remitted properly. The records required for examination are:

- (a) Original records, e.g. sales invoices, purchase invoices and cash register tapes. Invoices should show the date and the environment tax charged.
- (b) Details of exempt sales - e.g. details of sales made to vendors for resale. Vendor account numbers must be recorded and retained by the vendor on all tax exempt sales.
- (c) Tax collected - tax records, vendor's copy of the environment tax return forms, records of payments, disposal of tax, and commission taken (if applicable).
- (d) Records of goods taken from stock for the vendor's own use.

DESTRUCTION OF RECORDS

Vendors must obtain the written permission of the Provincial Tax Commissioner before any records can be destroyed.

TAX APPLICATIONS

The following are some examples of the application of environment tax in specific situations.

1. Goods Taken From Stock

Where a vendor takes tires from inventory for the vendor's own use, the environment tax is due. Tax must be reported and remitted on the environment tax return for the quarter in which the tires are removed from inventory for own use.

2. Cancelled Sales

Where a sale is cancelled, and the full amount of the purchase price is returned to the purchaser, the vendor must also refund the environment tax.

3. Delivery of Goods

Where a vendor sells tires and ships the tires for delivery outside the province, the environment tax does not apply to such sales. However, proof of delivery outside the province must be retained by the vendor to justify non-collection of tax.

Where a delivery of tires is taken in the province, the tax must be collected regardless of whether or not the purchaser claims to be a non-resident.

4. Sales to Federal Government Departments

Federal government departments and their agencies may purchase tires exempt of environment tax if the following procedure is followed. The goods must be purchased on a federal government purchase order or with a federal government credit card. Purchases by cash or by the use of a personal credit card by federal employees are not tax exempt and the vendor must charge environment tax to the purchaser.

VENDOR REGISTRATION NUMBER

Every vendor registered to collect environment tax is assigned a unique account number. This number is important, since it grants the vendor authority to purchase tires for re-sale in the ordinary course of business without paying environment tax on the purchase.

The vendor account number consists of six digits.

The vendor account number must be quoted when purchasing tires for resale.

If a vendor is purchasing tires for their own use or consumption, the vendor account number must not be used and the vendor must pay the tax to the supplier at the time of the purchase. If the supplier is not registered to collect the tax, then the vendor purchasing the tires for their own use, must remit the tax on the environment tax return form for the month of purchase.

OFFENCES AND PENALTIES

Holders of a "Certificate of Registration" who utilize their account numbers to purchase, exempt of tax, tires on which tax should be paid, commit an offence and are liable to penalties as provided under the [Revenue Administration Act](#).

TIRES FOR RESALE

No vendor shall purchase tires for resale in the province unless he or she is a holder of a "Certificate of Registration" issued under the [Environment Tax Act](#) for collection of environment tax. No vendor shall sell tires in the province at a retail sale unless he or she is the holder of a "Certificate of Registration" for environment tax.

A vendor is permitted to sell, environment tax exempt, tires to another vendor who is the holder of a "Certificate of Registration" for environment tax.

Further Information

Electronic copies of the [Environment Tax Act](#), [Revenue Administration Act](#) and [Regulations](#) are available on our website at www.taxandland.pe.ca. Inquiries regarding this Environment Tax Notice may be emailed to taxandland@gov.pe.ca or directed to:

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Department of Finance
P O Box 1330
Charlottetown, PE
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Telephone: (902) 368-4070
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