



OUTDOOR POWER EQUIPMENT  
INSTITUTE OF CANADA

Implemented: July 5, 2012  
Updated: October 20, 2015

## **Policy Related to: EHF COLLECTION, REPORTING AND REMITTANCE RULES AND PROCEDURES**

### **1. Purpose of Policy**

The purpose of the Outdoor Power Equipment Institute of Canada's (OPEIC) EHF Collection, Reporting and Remittance Rules and Procedures Policy ("Policy") is to describe the obligations of Participants of the OPEIC Program to collect, report and remit Environmental Handling Fees (EHF).

### **2. Definitions**

The Policy uses terms that are defined as followed:

"Consumer" means a person or entity that is the ultimate purchaser of a Program Product.

"Environmental Handling Fee" (or Fee) ("EHF") means an amount set by OPEIC that must be collected on each Program Product sold to a Consumer in British Columbia.

"Effective Date" means the official start date of OPEIC.

"Participant" means a party that has registered with OPEIC.

"Program Product" means products that are accepted for recycling by OPEIC, as defined under the British Columbia Recycling Regulation and OPEIC's Stewardship Plan.

"Remitter" means a party that is required to collect EHF's (or their equivalent) and remit them to OPEIC.

"Reporting Period" means the period of time (either a calendar month or three calendar months for regular and small remitters respectively) for which a Participant must report sales of Program Products.

### **3. Participant Obligations**

A Participant must collect and remit to OPEIC each month (or quarterly if approved for quarterly remittance) EHF's associated with Program Products sold on and after the later of (a) the Effective



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Date of the Program, or (b) the date on which the Participant began to sell Program Products in British Columbia.

A Participant's obligation to remit EHF to OPEIC exists regardless of whether or when it actually registered under the Program.

#### **4. EHF Collection**

A Participant must collect the EHF on each Program Product sold to Consumers in British Columbia.

##### **4.1 Multipacks**

Where multiple Program Products are sold together (e.g. in one package or SKU), the fees are additional based on the EHF per Program Product that would be charged.

*Example 1:* A package of a hand-held electric chainsaw and a hand-held electric grass trimmer would pay the sum of the two relevant EHF's.

##### **4.2 Product Returns**

The EHF on a Program Product that is returned by the Consumer is fully refundable to the Consumer. The Remitter is only required to submit payment on the net quantity of Program Product sold in the Reporting Period. The Participant will keep a reconciliation of the returned products on file. This is also the case if the EHF is paid at one business location (e.g. retail location) and returned/exchanged at a second business location. The relevant Participant(s) will keep a record of this transaction on file.

*Example 1:*

If the EHF is collected on a sale to a customer and then refunded to the customer in the same Reporting Period, both the return and the collection should be reported for that Reporting Period. If the product is exchanged for another product, the sale is reported per usual and the refund should be reported by deducting from the total sold in the Reporting Period.

If the exchange is for a Program Product with the same EHF then the net effect will be zero and is reported on a net basis. The Participant will keep a reconciliation, of the returned products netted against the products sold, on file.

*Example 2:*

If the EHF is collected on a sale to a Consumer in one Reporting Period (e.g. August) and then refunded to the Consumer in a subsequent Reporting Period (e.g. September), the Remitter may deduct the returned product from their (i.e., September) report. If the product is exchanged for another product, the sale is reported per usual and the refund should be reported by deducting from the total sold in the Reporting Period.



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If the exchange is for a Program Product with the same EHF then the net effect will be zero over the two Reporting Periods. The Participant will keep a reconciliation, of the returned products netted against the products sold, on file.

#### **4.3 Warranty/Refurbished/Repaired/Used/Recall**

##### **4.3.1 Applicability of EHF on Program Products Returned under Warranty or Recall**

The EHF does not apply to the replacement Program Product.

##### **4.3.2 Applicability of EHF on Refurbished or Repaired Program Products Sold into BC**

There are two kinds of refurbished or repaired Program Products: those that have never been sold to a Consumer and those that have. The first may occur where products on a retail shelf are damaged in transit or a warehouse, recalled, refurbished and then sent back out for sale. In this case, an EHF would not have been paid on these products before being refurbished (or if the EHF has been paid, the retailer and/or supplier would resolve these through credits). In the second case, the products would have been sold to a Consumer, an EHF would have been paid by a Participant, the product used and then they may have been repaired and ended-up for resale.

*Scenario 1:* In the case of Program Product which had never been sold or rented to a Consumer, it would be considered to be the same as new products (which would also include any floor models, open box or seconds) where an EHF should be paid for that Program Product by the OPEIC Participant. In this scenario an EHF is due to OPEIC.

*Scenario 2:* In the case of the used or refurbished Program Product which had already been sold or rented to a Consumer (and where the product has not been returned for a refund), the sale of this product would not generate an EHF (as going forward, an EHF would already have been paid and the resale of the product helps to extend its life). In this scenario, an EHF is NOT due to OPEIC.

(Note that these recommendations refer to whether an EHF should be paid to OPEIC or not for the Program Product. Depending on which party in the supply chain is remitting the fees, there may need to be some reconciliation of fees between parties in the supply chain. This reconciliation can be reported in the method section of the monthly fee reports.)

#### **4.4 Rental Products**

##### **4.4.1 Sales to Rental Stores**

The EHF applies to the sale of a Program Product to a rental store (or a retailer for rental purposes). In this case, the rental store is considered the “end user” purchasing the product. The EHF is due to OPEIC and would be remitted to OPEIC by the Participant that made the sale to the rental store (or another Participant higher in the supply chain, as applicable).



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#### **4.4.2 Rental of Products**

The EHF does not apply when a Program Product is rented to an end-user for an established period of time and consequently returned without a complete transfer of ownership to that renter. The EHF does not apply when a previously rented Program Product is sold.

Rental stores are not required to join the program if they do not sell program products that would attract an EHF (e.g. new program products that have not been previously rented).

#### **4.4.3 “Rent to Own” Products**

A “rent to own” purchase is considered a sale and not a rental. The EHF applies to the sale of a Program Product through a “rent to own” arrangement, in cases where ownership is transferred at any point in time to the original and sole renter of that product.

### **5. EHF Reporting and Remittance**

Participants must register with OPEIC in order to report and remit EHF to OPEIC.

All Participants are required to report and remit on a monthly basis (report and payment received by OPEIC within 30 days of calendar month end) unless they receive written approval for other arrangements from OPEIC. Even if a Participant sells no Program Products during a Reporting Period, the Participant must still file a report to that effect, and do so for all Reporting Periods during which the Participant is registered with OPEIC.

### **6. EHF Remitter Relationships**

Participants are not required to report and remit EHF on the sale or supply of Program Products in cases where the Participant has confirmation in writing that another registered OPEIC Participant will report and remit on that sale or supply. For example, a manufacturer registered as a Participant may sell Program Products to a retail customer that is registered as an OPEIC Participant and has agreed to report and remit EHF on any sale/supply by the retailer of that manufacturer’s products.

### **7. EHF Compliance Procedures**

Failure to file reports and pay EHF may result in any or all of the following actions:

- the application of interest on overdue amounts,
- the application of administrative fees,
- legal proceedings to collect amounts owed,
- cancellation of participation in OPEIC, and
- referral to the BC Ministry of Environment for enforcement purposes.

### **8. Back Fees**

Participants who join the program after July 1, 2012, and were selling Program Products in BC before joining the Program are required to pay fees retroactive to July 1, 2012.



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## 9. Interest and Penalties

At its discretion, OPEIC may impose administrative penalties to late EHF reports as follows:

- Initial reminders sent up to 30 day following the end of the reporting period will have no penalty
- First formal written notice issued 60 days after the end of the Reporting Period (by mail): \$100
- Second formal written notice issued 90 days after the end of the Reporting Period (by mail): \$200

At its discretion, OPEIC may impose interest to late EHF remittances as follows:

- Overdue remittances will bear interest at the rate of 1 % per month (12% per annum) in addition to the fees owed and a further 20% of the assessed fees by way of administrative fee.

## 10. Compliance Audits

As in any system based on Participant self-reporting, it is necessary for OPEIC to do compliance audits of Participants to ensure correct reporting. The OPEIC Participant Agreement provides OPEIC the right to audit and inspect the records of Participants with respect to the sale of Program Products and remittance of fees.

Most Participants will be reviewed every 3 to 5 years. Participants may be reviewed more or less frequently depending upon size and track record.

## 11. Under Remittance

If a Participant is shown on an audit to have under-remitted fees by more than 5% or \$500 (whichever is greater) of the correct amount (for the period being audited), OPEIC reserves the right to apply interest and administrative charges to remittances determined to be due to PCA, at the following rates:

- Interest at the rate of 1% per month, compounded monthly (12.6825% on an annual basis)

## 12. Discretion

The Policy will be applied at the discretion of OPEIC.