



SCRAP TIRE MANAGEMENT PROGRAM

Retailer Handbook

May 2019



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***Please contact the Tire Stewardship of Saskatchewan at 1-833-790-1894 toll free if you have any questions about the information presented in this handbook. This handbook is presented for general information, the contents are not to be accepted or construed as a substitute for the provisions of the mandate.**

TIRE STEWARDSHIP OF SASKATCHEWAN

Tire Stewardship of Saskatchewan Inc. (TSS) is a non-profit corporation that has been established by The Retail Council of Canada (RCC) and The Western Canada Tire Dealers (WCTD) to serve as the scrap tire recycling program operator for Saskatchewan in September, 2017. The TSS is led by an industry-focused Board of Directors, who receives input and advice from an Advisory Committee and from Industry Working Groups.

Based on the regulations mandated by *The Ministry of Environment*, tire retailers are obligated to ensure a responsible scrap tire collection and recycling program is in place in the province. With over 4,000 tires purchased in Saskatchewan every day; in a year this equates to over 1.5 million tires. Prior to the tire recycling programs in Saskatchewan, almost all of these tires ended up in our local landfills as domestic waste, were stockpiled, buried or even burned. The TSS will work with all stakeholders as well as the general public to ensure that scrap tires are recycled in an environmentally friendly and sound manner.

ACCOUNTABILITY & ENFORCEMENT

TSS will ensure proper compliance procedures are in place to ensure a fair and level playing field for all stakeholders. The TSS ensures transparency by communicating openly and honestly with all stakeholder groups, of which includes *The Ministry of Environment*, the Advisory Board, the Board of Directors, retailers and all other program participants through a variety of mediums, all operating in compliance with *The Scrap Tire Management Regulations, 2017*.

Accountability of the program is provided through three different processes:

Annual Audit:

The TSS is charged with the administration of the collection of the Tire Recycling Fees (TRF) as well as managing the operations of the program. The TSS has procedures in place to ensure proper financial management and accountability.

Retailer Compliance:

Retailers will be required to follow the same *The Scrap Tire Management Regulations 2017*. Responsibility of ensuring that all consumer-paid TRF's are collected and reported, as well as that all retailers are compliant with these regulations.

This is achieved through Retailer Compliance Reviews which through a process of random selection the retailers' records will be reviewed to ensure that:

1. TRF's have been charged on all new tire sales,
2. All TRF's have been reported to the TSS; and
3. All Records, both from the Retailer and TSS are consistent.

Retailers are responsible to ensure compliance in other jurisdictions if they have branch locations that sell tires in those provinces.

Collector & Processor Audits:

As contributing participants of the day-to-day activities of the TSS, these stakeholders play a prominent role in the collection & recycling of scrap tires. Evaluation and audits of these stakeholders involve many facets of their business in accordance with the TSS policy as defined in the *Collector and Processor Guidelines*.

PARTICIPATION

All dealers and retailers that sell new tires or lease/sell vehicles/equipment that have new tires are required to participate in the program. This includes all tires that are sold on or for new vehicles, leased vehicles, trucks, buses, trailers, ATVs, motorcycles, agricultural equipment, recreation vehicles and industrial equipment.

THE TIRE RECYCLING FEE (TRF)

The TSS program relies on a user-pay principle, which means that the consumer of the tire bears the responsibility for the product once it has reached the end of its useful life. The Tire Recycling Fee (TRF) applies wherever the first retail sale (or deemed sale) of a new tire takes place in Saskatchewan. This includes sales to non-residents that are completed within the province of Saskatchewan. The TRF's collected are used solely for the recycling of scrap tires and administration of the scrap tire program.

The TRF is applicable to every tire that has a rim size of 8" or larger, regardless of its use. The TSS program includes all tire categories to ensure that all tires, from lawn tractor to mining tires, are collected and recycled within the province. The TSS sets the TRF that is to be charged at the point-of-sale of all new tires. The *Tire Recycling Fee Schedule* details the five main tire categories and the applicable TRF.

RECYCLING FEE EXEMPTIONS

The Tire Recycling Fee is an environmental levy imposed for the sole purpose of recycling tires; **it is not a tax**. There are no exemptions to paying the TRF. All government agencies, charities, First Nations, emergency response units, etc. are required to pay the fee on all new tire purchases.

However, the following should not have a TRF charged: tires with a rim size 7" or less or with a rim size greater than 39", wheelbarrow tires, bicycle or electric bike tires, tire tubes, wheelchair/electric mobility aid tires. No recycling fee is applicable and no disposal service is provided for these tires.

RETAILER REQUIREMENTS

The retailer is responsible to charge the TRF on each new tire sold, to collect the TRF, and to remit monies to the TSS. In the event the fee is not charged or paid by the consumer, the retailer will be responsible to pay the amount required.

The only time the TRF would not be required is if the transaction or sale is of a wholesale nature to another Retailer that is participating in an approved tire recycling program. (See Wholesale Transactions for more information)

GST

The TSS manages the tire recycling program in Saskatchewan, which includes the collection of the TRF's, on behalf of the retailer. The Canada Revenue Agency (CRA) views this as a "taxable service" to the retailer. CRA also views the reporting of the Tire Recycling Fee as payment to the TSS for the service of providing the recycling program. When reporting the monthly remittances, the GST must be added to the total amount of TRF's being reported to TSS. This will flow through as an "input tax credit".

COLLECTING AND REPORTING THE TIRE RECYCLING FEE

Once registered with TSS, you will be issued a TSS retailer number and will be sent a registration package that contains:

- A finalized copy of your signed *Retailer Agreement*;
- *Tire Recycling Fee Schedule* and *Tire Recycling Fee (TRF) Classification Reference Table*;
- *Retailer Remittance Form* which can be used to photocopy for future remittances; and
- *Retailer Handbook*.

Begin by displaying the *Tire Recycling Fee Schedule* in public view. This will help support the collection of the fees and let your customers know that you are a participant with the scrap tire recycling program.

NOTE: Wholesalers may require your TSS number when registering with them.

Charging the TRF:

The TRF is to be charged on every new tire that is sold, whether on a vehicle/equipment or sold separately as a replacement tire.

- Record the TRF on all invoices, as a separate line item. The TRF should not be referenced as a "tax", nor should it be incorporated in a blanket "environmental fee";
- GST applies to the TRF on the sales invoice;
- PST is not applicable to the TRF.

NOTE: the consumer is only obligated to pay the posted TSS TRF when purchasing a new tire.

Reporting the TRF:

It is recommended that all TRF's be posted to a separate General Ledger (GL) account. This allows for easy tracking. *All fees are to be reported on a monthly basis using the Retailer Remittance Form.*

- Please provide all information requested on the form to ensure proper handling of your TSS account
- The TRF's that are remitted are recorded in the TSS tracking system.
- Tire breakdown is necessary, as it supports your payment. The TSS uses this information to determine the number and size of scrap tires that can be picked up from your business.

TRFs are due in the month following a sale.

- All TRFs for the reporting period must be submitted to the TSS prior to the last business day of the following month (i.e. January sales are due no later than February 28th, etc.)
- Interest of 18% per annum is applicable on all late or outstanding TRFs (see *First Seller (Retailer) Registration Application* for details.)

Detail the number of tires sold.

- It is necessary to report the number of tires sold, by category, and the amount of applicable tire recycling fees. For each TRF that is remitted, a "tire credit" is generated, allowing for a scrap tire of that category to be collected.
- If you are reporting for more than one location, one form of payment may be issued for payment of multiple locations; however, a separate *Retailer Remittance Form* or a *Summary Table* is needed for each location as each location has their own "tire credits". Complete details on reporting and calculating the TRF can also be found on the *Retailer Remittance Form*.
- All reporting is based on the actual number of tires sold by the retailer during the reporting period. ***Do not report fees based on the scrap tires generated or on the number of scrap tires collected.***

Record Keeping

- Retain a copy of the remittance information for your records in accordance with Canada Revenue Agency.

NOTE: TRF's are due on all tires sold, whether or not you charge or collect a fee from the consumer.

WHOLESALE TRANSACTIONS

Retailers or car dealers that sell tires/vehicles on a wholesale basis do not have to charge the TRF, as long as the receiver is registered and participating in an approved tire recycling program. If at any time you are unsure of the status of a customer's registration, please call the TSS office, we can verify this information with you.

I.e. ABC Tire Wholesaler is selling tires to XYZ Tire Store in Saskatchewan. XYZ Tire Store is a registered participant with TSS and will charge the TRF at the point-of-sale of the new tire. ABC Tire Wholesaler would not charge the tire recycling fee when selling to XYZ Tire Store. This would include sales to dealers in other provinces, as they are registrants with their provincial organizations.

TIRE EXCHANGES, REPLACEMENTS AND WARRANTIES

If tires are purchased and subsequently exchanged for a different style or brand, the TRF is remitted only once – provided the original tires(s) can still be sold as new. Where a tire fails due to a manufacturing defect and is replaced at no charge, the TRF on the replacement tire is to be charged and remitted, for both tires, as the transaction ultimately results in two scrap tires being generated.

LLOYDMINSTER DEALERS

In 1998, an arrangement between Alberta, Saskatchewan and the City of Lloydminster was formed. This arrangement states that all retailers and dealers within the city are required to participate in the Saskatchewan Tire Recycling Program. This ensures that all scrap tires generated within the city are collected and recycled, rather than landfilled under the new TSS program.

OUT-OF-PROVINCE SALES

As a tire dealer registered with the TSS program, you are required to charge the TRF on every new tire sold, regardless of where it is going. All sales to out-of-province consumers still require the TRF to be applied on that sale. This includes sales to the United States. Retailers are responsible for verifying their operating requirements in other jurisdictions, should they sell tires out-of-province.

FARM IMPLEMENT DEALERS

The TRF is applicable to tires sold on all farm implements. Every new piece of equipment that is sold must have the applicable TRF charged. Due to the many and different sizes of tires that can be on some implements, different fees apply based on the tire size (please see *Tire Recycling Fee Schedule* for the correct fee).

Farm implement dealers that choose not to charge the fee will be responsible to submit the TRF even if the fee was not collected from the consumer.

AUTOMOBILE DEALERS

The TRF is applicable to all new and/or leased unit sales, as well as on replacement tire sales handled through service departments or quick service centers. On used vehicle sales, the TRF would be applicable to any new tires that are put on the vehicle.

There are some dealers in Saskatchewan that offer a wide variety of vehicles (i.e. recreation vehicles, farm equipment, semi-tractor/trailers, etc.) to their customers. All of these vehicle types are subject to the TRF at point-of-sale, and it is important to ensure that the TRF's are captured in the reporting process along with the vehicles and replacement tire sales.

SCRAP TIRE COLLECTIONS

Retailers are a very important part of the TSS program because they have the first, and best chance at capturing tires before they become part of a private stockpile, or worse, sent to the landfill. Part of the TSS mandate is to ensure that all of the scrap tires, generated at the retailer's place of business, are collected and recycled. The TSS contracts independent private companies to collect the scrap tires from retail locations. These contracted collectors are provided with details regarding the number of scrap tires that may be collected based on location and tire type as remitted by retailer.

NOTE: Tire credits are non-transferable amongst categories as these numbers are based on TRF Remittances sent in by the retailer and paid for by the consumer.

Collectors are paid by the TSS to pick up the tires and deliver them to recognized processing facilities. Retailers **DO NOT** pay the collector for collection services. Retailers will only be allowed a tire collection providing their account is up-to-date, all TRF's have been reported correctly and Retailers have "tire credits".

Collectors should automatically come to collect scrap tires once they see "tire credits" on the tire retailer's account. However, please contact TSS directly should you need a pick up or have questions.

Retailers need to ensure the following to allow for easy and quick collection of scrap tires:

- All tires have to be easily accessible for the collector;
- Collectors will not take any scrap tires that have rims on, dirt, or debris mixed in with the tires;
- Storage of other materials should not be co-mingled as clear access to scrap tires is needed. Collectors may use equipment to load tires (i.e.: bobcats, large trucks, etc.).

A representative from your location should be present when the tire collector is on site and picking up the scrap tires to ensure that:

- Only the designated scrap tires are being collected
- No damage is done to your property
- The number of tires and tire types being picked up is documented correctly
- The pick-up slip is signed, verifying the collection

NOTE: The retailer will be invoiced for any collections that exceed credits that have not been remitted into the TSS office.

CHANGES TO YOUR BUSINESS

Please take some time to notify TSS if:

- You are selling or closing your business;
- You are changing the nature of your business (i.e. no longer selling tires or your business expands to include car sales); or
- Your contact information changes.

Remember, there is a legally binding agreement between your current business and the TSS. Any ownership changes need to be addressed to ensure you are not responsible for the activities of the new owner. Credits on your account are non-transferable between owners of stores or branches.

REPORT ILLEGAL TIRE DUMPING & NON-COMPLIANCE

Scrap Tire Management Regulations, 2017 fall under *the Environmental Management and Protection Act, 2010*, enforced by Saskatchewan Conservation Officers. Tire dumping is illegal, and anyone with information about tire dumping activity should contact the Provincial Toll-Free "Turn in Poachers" line at 1-800-667-7561. Calls are not traced or recorded in any way, and callers may choose to stay anonymous. There are cash rewards for information leading to the arrest or conviction of individuals involved in this illegal activity. In the event you have concerns about non-compliant retailers, or the TSS program, you are encouraged to contact the T.I.P Line (above), Saskatchewan Environment or the TSS Office.

TSS STRUCTURE

The TSS consists of a pair of organizations that has a direct interest in ensuring the effective management of the scrap tire program. Representatives are appointed by these associations to form the TSS Board of Directors. The Directors establish and implement program policies and operating fundamentals.

- Retail Council of Canada (RCC)
- Western Canada Tire Dealers (WCTD)

TSS has also created an advisory committee, which provides guidance or recommendations to the Board of Directors and Senior Management on the direction, as well as provides industry experience and advice. The advisory committee will have no decision-making authority, but will be a source of information and a sounding board for the Board of Directors.

TIRE RECYCLING FEE (TRF) CLASSIFICATION SCHEDULE

| CLASSIFICATION | TRF (\$) + GST | TIRE TYPES |
|--|----------------|--|
| PLT PASSENGER CAR / LIGHT TRUCK Rim Sizes 8" - 30" | \$4.00 | <ul style="list-style-type: none"> • Passenger Car (P), Light Truck Tires (LT) • Small RV, Trailer and Utility Trailer Tires • Motorcycle, All Terrain Vehicle and Golf Cart Tires • Lawn and Garden Equipment • Forklift, Skid Steer, Press-on Solids, and Front Tractor and Implement Tires up to a maximum 16" rim |
| MTRK MEDIUM TRUCK Rim Sizes 15" - 24.5" | \$14.00 | <ul style="list-style-type: none"> • All tires not marked "LT" or "ST" • Semi and Industrial Truck Tires • Wide Base Skid Steer and Loader Tires 17.5" rim and larger • Forklift, Skid Steer, Press-on Solids and Front Tractor and Implement Tires 16.1" rim and larger |
| AG AGRICULTURAL TIRES Rim Sizes 24" - 54" | \$25.00 | <ul style="list-style-type: none"> • Agriculture (All Rear & Front Wheel Drive) Tires • Rubber Tracks on Agricultural Equipment |
| OTR I OFF THE ROAD/MINING Medium Types (Rim Sizes up to and including 23.5" - 25") | \$57.00 | <ul style="list-style-type: none"> • Off-the-Road, Mining, Earthmover, Construction Tires within classification up to and including 23.5-25" Tires • Forestry Tires • Rubber Tracks on Industrial Equipment |
| OTR II OFF-THE ROAD/MINING Larger Types (Rim Sizes 26.5-25" up to 39") | \$140.00 | <ul style="list-style-type: none"> • Off-the-Road, Mining, Earthmover, Construction Tires over 23.5"- 25" to a maximum rim size of 39" |
| EXCLUSIONS Not included in recycling program: Any tire with a rim size 7" or less or greater than 39", wheelbarrow tires, snowmobile/quad tracks, bicycle or electric bike tires, recapped and retreaded tires, tire tubes, wheelchair/electric mobility aid tires | | |
| PLEASE NOTE Fees also apply to disposal of scrap tires not accompanied by a new tire sale, and warranty replacement tires | | |

FREQUENTLY ASKED QUESTIONS

Q. Do I have to collect the TRF on “used vehicle” tires?

A. The TRF is only to be collected on new tires. Therefore, unless new tires have been put on a used vehicle, the TRF would not be charged.

Q. Does the TRF have to be charged if the consumer is refusing to pay the TRF or is taking the scrap tires with them?

A. Yes, the TRF is to be charged on ALL new tires, regardless if a scrap tire is left behind.

Q. How do I get my tires picked up?

A. When you require a tire collection please contact your zone collector or the TSS office to arrange a collection. Please note your company will not receive a tire collection if you do not report the TRF, or if your account is not up to date.

Q. Do I have to charge the TRF even if I don't agree with the tire recycling program?

A. Yes, as a tire retailer in Saskatchewan, you are responsible for the payment of the TRF on all new tires you sell. The program is designed so that the consumer pays the fee, freeing you of the financial responsibility. However, you will be responsible for all fees not charged on all new tire sales.

Q. What is happening to the tires?

A. The TSS works with independent recycling businesses to ensure that the scrap tires are disposed of properly. The tires are recycled and repurposed in to usable, marketable items, such as playground surfaces, road paving material, patio blocks, shingle mats, and much, much more.

Q. What should I do if someone wants to drop off scrap tires at my location without purchasing a new replacement?

A. Some retailers may take the tires from the public and use their own “tire credits” without charging the TRF. Consumers may also return the scrap to the point of purchase of the replacement tire. Contact the TSS for other disposal options.

Q. Do I have to charge the PST on the tire recycling fee?

A. Fees charged on the tires are exempt from PST, providing it is segregated from the selling price of the tire.

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