

NWT ELECTRONICS ENVIRONMENTAL FEE REMITTANCE OVERVIEW

Under the *Electronics Recycling Regulations* distributors must pay environmental fees on new electronics they sell and distribute in the NWT and collect these fees from their customers. While the definition of electronics is clearly defined in the Regulations, the definition of what constitute a *new* electronic device is not defined and what to do when electronics are returned to distributors is not always clear. This document is intended to provide further clarity on the Government of the Northwest Territory's interpretation of "new electronics" as it relates to the application of environmental fees under section 5, 6, 17 and 18 of the Regulations.

1. Distributor Category

All registered electronics distributors fall into one of the following two categories:

- a. **Remitters** – companies that report and remit the environmental fees directly to the ARMA Management Authority (ARMA) (which collects fees on behalf of the Government of the Northwest Territories) based on sales or distribution of eligible electronics; or
- b. **Payment-on-Purchase Distributors (POPs)** – companies that pay the environmental fees to their suppliers when purchasing inventory and are therefore not required to remit and report to ARMA directly.

2. Receipts

All electronics distributors, including Remitters and POPs, must provide receipts that indicate environmental fees. This includes receipts from suppliers to electronics retailers and receipts to end users. Receipts must itemize electronics distributed/sold and indicate the total environmental fees charged. Visible fees on receipts increase public awareness, transparency, and accountability.

Overview for Remitters

1. Supplies to Outside of the Northwest Territories (NWT)

Environmental fees do not apply to electronics shipped by Remitters directly outside of the NWT. Remitters do not need to report to ARMA electronics distributed to points outside of the NWT but are required to keep records of exempt transactions for review during audits and/or investigations. Invoices must clearly state the out-of-territory address and name of the carrier.

Note: when an out-of-territory resident buys an eligible electronics product in the NWT, the environmental fees apply.

2. Electronics Warranty Replacements and Handling of Returns

a. Warranty Return:

After the sale on which the environmental fee was charged and remitted, the customer discovers that the product is defective and returns it to the Remitter. The Remitter determines the product cannot be repaired and replaces it with a new one (either free of charge or at a cost to the customer). If the defective device is disposed of in the NWT, the environmental fee is payable to ARMA on the original purchase *and* the replacement device (in other words, the environmental fee is applied to each “supply”).

If, however, the Remitter sends the defective product back to the manufacturer who is located outside of the NWT, the Remitter may claim credit with ARMA on the environmental fee charged and remitted on the original sale of the defective product. Proof of shipment of the product back to the manufacturer must be provided to ARMA.

b. Customer Initiated Return:

After the sale on which the environmental fee was charged and remitted, the customer returns a product to the Remitter for refund or exchange. If it is a refund situation, and the returned product can be resold as new, the environmental fee charged on the original sale may be listed as a credit by the Remitter as long as it is re-applied when the product is resold and the fee is remitted to ARMA. If the product is not in a condition to be resold as new, no credit of the environmental fee may be claimed on the returned product. If a customer decides to exchange the original product for a different one, the same logic applies to the product being returned; the only difference in this scenario is that the environmental fee is to be charged on the product supplied in exchange.

5. Leased Electronics

Where a lessor of eligible electronics enters into a lease, the environmental fee is payable by the lessee. When a customer leases an electronic product, the environmental fee is collected from the customer and remitted to ARMA by the Remitter. At the end of the lease term (or prior to the end of it) the product is returned to the Remitter. In this case, the same logic applies as in situation “b” above. If the leased product returned will be resold as new, the environmental fee charged on the original sale may be listed as a credit by the Remitter as long as it is re-applied when the product is re-sold, and the fee is remitted to ARMA. If the product will not be resold as new, no credit of the environmental fee may be claimed on the returned product. If a customer decides to exchange the original product for a different one, the same logic applies to the product being returned; the only difference in this scenario is that the environmental fee is to be charged on the product supplied in exchange.

6. Used and Refurbished Electronics

The terminology ‘refurbished device’ applies to electronics that have been previously sold as new, and have now been changed or reconditioned for re-sale.

a. Fee Applies:

The environmental fee applies if the device was originally sold outside of the NWT as new, is refurbished, and is now being re-sold into the NWT. This is considered the first supply of the product into the territory therefore the environmental fee is to be charged.

Additionally, if a new device is used as a demo or display model, and is then sold, the environmental fee applies, even if the product is no longer in its original packaging at the time of sale.

b. Fee Does Not Apply:

The environmental fee does not apply when a device was previously sold in the NWT as new, is refurbished and then resold in the territory. This is due to the fact that the fee was already remitted when the product was sold as new.

Overview for Pay on Purchase Distributors (POPs)

The POP category of distributor was created to reduce the administrative burden on small electronics distributors. The trade-off for minimal reporting requirements is that POPs must pay fees to their suppliers for every new product supplied to them in the NWT, even when the specific cases outlined above apply to their situation. If a POP wants to be refunded fees for the situations outlined above they must register as a Remitter or they may contact their suppliers to request environmental fee refunds.