

Supplier Classification and Reporting Obligations

1. OVERVIEW

There are two main classifications of registered Suppliers: Remitter and Payment-on-Purchase ('POP').

a) Remitters

Remitters are exempt from being charged the Environmental fee by their Supplier¹. Remitters report and remit fees based on sales or supply of eligible products.

b) POPs

POPs pay the Environmental fee to all of their suppliers when purchasing inventory and therefore are not required to report and remit fees directly to the Used Oil Recycling Alberta, as it will be done by their suppliers on their behalf.

2. DETAILS ON SUPPLIER REPORTING OBLIGATIONS

a) REMITTER

A remitter will have three different types of sales/supply:

i. Sales to POPs

- Remitter will levy, collect and remit the fee.
- For ease of verification, please indicate the fee on all invoices.

ii. Sales to other Remitters

- The 'selling' remitter is not required to levy, collect and remit the fee on sales to other remitters that have valid Registration numbers.
 - For all transactions where the fee is not remitted, the 'selling' remitter must be able, upon request, to substantiate why they have exempted the fee, including providing the customer's Registration number.
 - The 'purchasing' remitter is required to levy, collect and remit the fee on subsequent sales/supply transactions with their customers. The process is repeated if there is a subsequent sale to another remitter; please refer to the diagram on the following page.

The Program maintains a service whereby remitters can quickly and easily verify a Supplier's classification status by contacting usedoil@albertarecycling.ca.

iii. Sales to an End User or an Unregistered Supplier

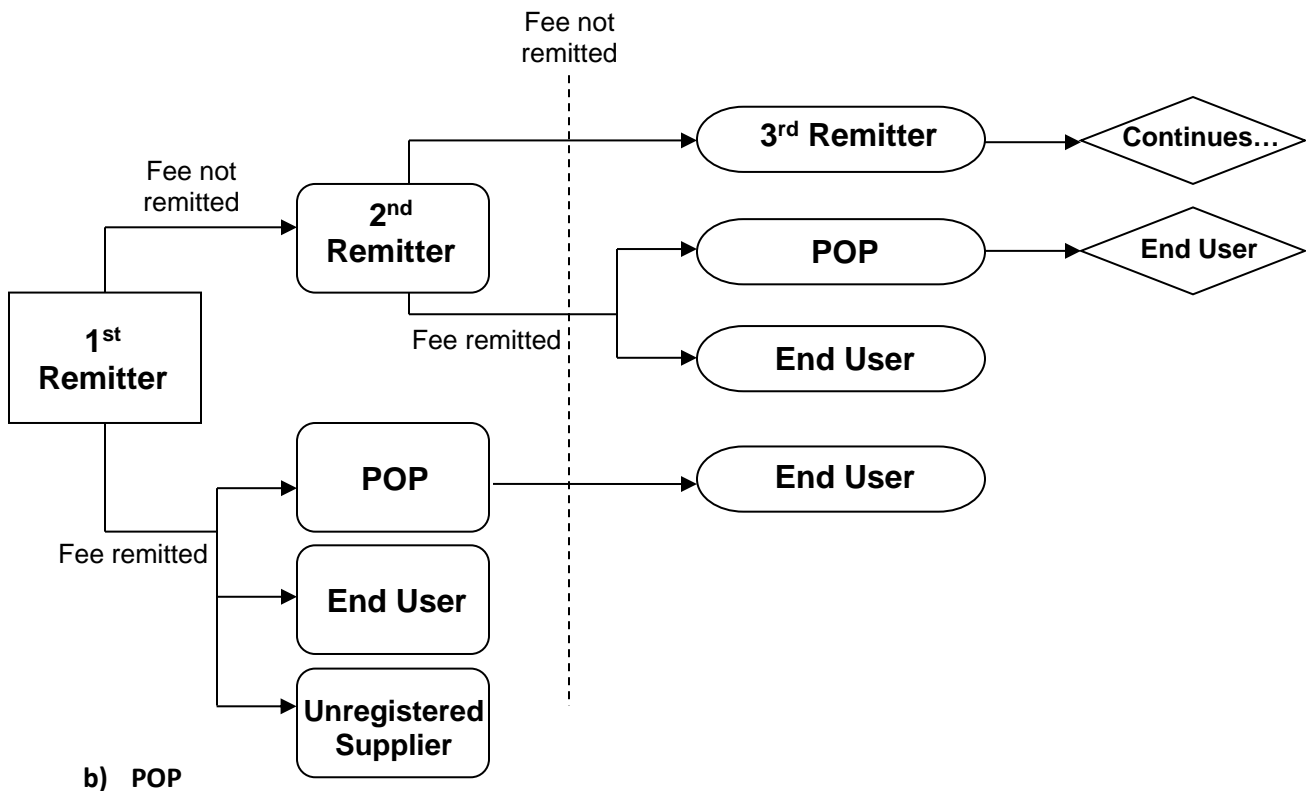
- The Remitter will levy, collect and remit the fee.

¹ Exception to this rule: remitters would be expected to pay the fee when purchasing eligible products from a POP Supplier. Since POP Suppliers are charged the fee, they must still have the means to offset what they have paid to their supplier. The fee paid to the POP Supplier does not need to be remitted again.

- For ease of verification, please indicate the fee on all invoices.
- Eligible oil materials sold to an unregistered supplier or an end user will always have the fee applied.

On an annual basis a Remitter will be requested to provide the Program with a Supplier update. This update will confirm that the Supplier continues to supply eligible oil materials.

Basic Model for the Process of Remitting Environmental Fees



- i. A Supplier **must meet the following requirement in order** to be eligible for POP status:
 - Purchase all eligible product inventory only from suppliers registered with the Program and pay the fee to these suppliers (whether Remitter or POP).
- ii. POP status may be subject to other criteria as determined by Alberta Recycling Management Authority (ARMA) on a case-by-case basis.

If your company does not meet the above criteria and you have been designated a POP Supplier, please contact ARMA to review your registration.

- iii. POP Responsibilities:

- A POP pays the fee to their Suppliers (who must be a Remitter or another POP registered with the Program), when purchasing all eligible oil materials from them.
- A POP must retain all invoices from suppliers which indicate the eligible products purchased and amount of the fees paid.
- A POP collects the fee from their customers and retains the fee to offset what was previously paid to their suppliers.
- When a POP sells to another registered supplier (POP or Remitter), they must levy and collect the fee and record the amount of fees charged on the sales invoice.

On an annual basis POPs will be requested to provide the Program with a Supplier update that includes a complete list of suppliers. This update will confirm that the Supplier continues to supply eligible oil materials for which they pay their suppliers the fee.