

## Major Appliance Recycling Roundtable - Rules and Policies

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### 1. APF Remittance Obligations

MARR participants are required to report and remit Administrative Program Fees (APFs) to MARR on all program products sold or supplied by the participant in or into British Columbia on or after the Appointment Date as defined in the MARR Agency Appointment Agreement, with the exceptions noted below.

Participants are not required to report and remit APFs to MARR on the sale or supply of program products in cases where:

- (a) The participant (the “Non-Remitter”) has obtained written confirmation from another registered MARR participant (the “Remitter”), in a standard form approved by MARR, that the Remitter will assume responsibility for reporting and remitting on the sale or supply of products by the Non-Remitter, and
- (b) MARR has been provided a copy of the written confirmation, MARR has advised the Non-Remitter and Remitter that it has approved the arrangement and the arrangement remains in good standing.

In cases where (a) and (b) have been met, the Remitter is responsible to MARR for reporting and remitting in respect of the products of the Non-Remitter covered by the agreement and a failure by the Remitter to do so constitutes a breach of these rules and policies.

MARR reserves the right to rescind its approval under (b) above in any case and at any time.

Participants are not required to report and remit APFs to MARR on the sale or supply of program products in cases where the participant has received confirmation that another company will be

discharging their regulatory obligations on that sale or supply through an independent or alternative stewardship plan filed with and/or approved by the BC Ministry of Environment.

Participants are not required to report or remit APFs for sales prior to **August 1, 2013**, irrespective of when the product is delivered and ownership has transferred to the purchaser.

For the purposes of APR reporting and remittance, a sale is considered to have occurred on the earlier of the following:

- The day the participant first issues an invoice with respect to the sale;
- The day the purchaser is required to pay the consideration pursuant to a written agreement.

There is no exemption for sales that occur on or after August 1, 2013 that are pursuant to a pricing commitment that was established at a prior date between a participant and a customer.

## 2. Managing APFs

Administrative Program Fees (APFs) are payable by MARR participants (manufacturers, distributors, retailers) to MARR. It is the decision of the participant how to manage this business cost. If an amount is charged by a participant to its customer to recover the APF, the amount must equal the actual APF paid by the participant to MARR.

## 3. APF Reporting Periods

All participants are required to report and remit applicable Administrative Program Fees (APFs) to MARR on a calendar quarter basis using the MARR online reporting system. An exception is a participant that has been approved as a 'small remitter' as defined below, which may report on an annual calendar basis. The online system requires participants to input the net quantity of applicable program products sold or supplied during the reporting period for each of the APF product categories. All APFs paid to MARR are subject to the applicable Goods and Services Tax (GST). Where no sales were made in the reporting period, a Nil or \$0 report must be filed. Once a report is submitted, an invoice is generated that must be paid by the participant.

APF reports and remittances must be received by MARR by the end of the month following the close of the reporting period. For example, applicable APFs on sales of program products made from January 1 to March 31, 2024 (1<sup>st</sup> calendar quarter) must be reported and received by MARR before the end of April 2024. For 'small remitters', applicable APFs on sales of program products made between January 1 and December 31, 2024 must be reported and received by MARR before the end of January 2025.

## 4. Small Remitters

A 'small remitter' is any MARR participant in good standing that collects or anticipates collecting less than \$10,000 in APFs annually. A MARR participant may request a change from quarterly reporting to annual reporting if they have remitted less than \$10,000 in APFs during the past calendar year or provide sufficient proof that they anticipate remitting less than \$10,000 on an annual basis. Prior written approval

by MARR is required before a change in reporting frequency is implemented. Requests to change remitting status must be received before the end of the first quarter of each calendar year (March 31<sup>st</sup>). If the request is received after March 31<sup>st</sup>, it will be considered for the following calendar year.

MARR reserves the right to revert a participant's remitting frequency from annual to quarterly for any reason, including, but not limited to:

- (1) The participant's failure to remit on time;
- (2) The participant's failure to remit the full amount owing; or
- (3) Information suggesting that the participant is collecting more than the amount of APFs allowed for a small remitter.

[In effect January 1, 2015]

## 5. Leased Products

Leased products or products purchased under a "lease to own" arrangement are considered as sales and Administrative Program Fees (APFs) apply. This type of sale is considered to have occurred on the date the purchaser signed the applicable leasing agreement, irrespective of when payments occur or when full ownership has transferred to the purchaser.

## 6. Overdue Payments

MARR reserves the right to apply interest and administrative charges to overdue APF remittances at the following rates:

- Interest at the rate of 1% per month (12% per annum) as of the date or dates the APFs should have been remitted;
- An administrative charge of \$100 for the first written reminder, issued at any time;
- An administrative charge of \$200 for the second written reminder, issued 10 or more days after the first reminder;
- An administrative charge of \$625 for the third written reminder, issued 10 or more days after the second reminder.

## 7. Participant Audits

As in any system based on self-assessment, it is necessary for MARR to do compliance audits of participants to ensure correct reporting. The MARR Agency Appointment Agreement provides MARR the right to audit and inspect the records of participants with respect to the sale, supply, distribution and importation of program products in the province of British Columbia.

Participants must pay to MARR any Administrative Program Fees (APFs) due to MARR as determined by an audit, in accordance with the conditions outlined in the Agency Appointment Agreement.

MARR reserves the right to apply interest and administrative charges to remittances determined to be due to MARR, at the following rates:

- Interest at the rate of 1% per month (12% per annum) as of the date or dates the APFs should have been remitted;
- An administrative charge equal to twenty percent (20%) of the aggregate of such under-payments if the participant is found to have under-paid APFs on at least two other occasions.

## 8. Product Returns

An Administrative Program Fee (APF) is not required to be remitted to MARR on a product that was sold to a customer and then returned by a customer and ultimately refunded without being exchanged, including products returned under warranty or recall.

Participants are only required to report and remit APFs on the net quantity of product supplied. If the sale and refund occur in the same reporting period, the sale of the refunded product need not be reported. If the sale and refund occur in different reporting periods, the adjustment is made in the reporting period when the refund occurred (see below for examples).

Participants must determine their own policy with respect to refunding to its customer any APFs added to the product price at the time of original sale to the customer.

*Example 1:*

If the APF is collected on a sale to a customer and the product is returned and refunded in the same reporting period, the number of products returned and refunded in that reporting period should be deducted from total number of products reported as sold in that reporting period (i.e. products that were sold, returned and refunded are not counted). If 100 units are sold in a reporting period and 2 units are returned and refunded in that reporting period the participant would report and remit APFs on the net supply of 98 units for that reporting period.

*Example 2:*

If the APF is collected on a sale to a customer in one reporting period (e.g. 1<sup>st</sup> calendar quarter) and the product is returned and refunded in a subsequent reporting period (e.g. 2<sup>nd</sup> calendar quarter), the participant may deduct the returned product (sold in the 1<sup>st</sup> calendar quarter) from the subsequent (e.g. 2<sup>nd</sup> calendar quarter) report.

For either example, the participant may note this information in the “method” section of the APF calendar quarter report. The participant must keep a reconciliation of the returned products on file.

## 9. Product Exchanges

If a program product was sold on or after August 1, 2013 (the effective start date of MARR APFs) and later exchanged for another product within the same APF category, only one APF should be remitted to MARR.

The exchange of a program product that was originally sold before August 1, 2013, for another program product, will not be subject to an APF if the exchange is for a product within the same APF category.

## 10. Refurbished and Repaired Products

There are two kinds of refurbished or repaired products: those that have never been sold to a final customer and those that have.

*Example 1:*

The first case (product not previously sold) may occur where products are damaged prior to sale, refurbished and then sent back out for sale. In this case, the sale of a product that was not previously sold to a final customer would be considered to be the same as a new product (which would also include any floor models, “open box” or seconds). An APF must be remitted by the participant on the sale.

*Example 2:*

The second case (product previously sold) may occur where products have been previously sold to a final customer prior to being refurbished/repared for future sale. An APF is not required to be remitted on the sale of “previously sold” refurbished, repaired or used products, regardless of the date of the original sale.

## 11. Replacement Parts and Components

Administrative Program Fees (APFs) are only assessed on the major household appliances described in the MARR Product List and Definitions document (i.e. program products). APFs are not assessed on replacement parts or components.

## 12. Combination, Stacked & Double Products

Administrative Program Fees (APFs) are assessed on a per-unit basis to program products.

“Combination,” “stacked, or “double” products that are manufactured/sold as a common chassis/structure are considered a single unit and assessed one APF. Examples include built-in ovens combined with a microwave oven, double wall ovens, dishwashers with two drawers, ranges with dual cavities and stacked laundry products. Refrigerant-containing products with one or more non-refrigerant containing appliance functions integrated into the product as a common chassis/structure are assessed one APF in the applicable refrigerant-containing APF category.

*Example:*

Stacked laundry products that contain both a washer and a dryer (each with their own tub/drum) that have been manufactured as a common chassis and sold as a single unit would be levied one clothes washer APF.

A double wall oven with two oven compartments that has been manufactured as a common chassis and sold as a single unit would be levied one built-in oven APF.

Where multiple program products are sold separately (each with their own chassis) and designed to be assembled by the end user into a stacked or double product, an APF applies cumulatively to each program product sold on a per-unit basis.

*Example:*

Clothes washers and clothes dryers sold separately that are designed to be combined by the end-user into a single stacked laundry system would be levied the applicable APF on each product (for a total of two APFs).

Where multiple program products are sold as one SKU or package but with separate chassis designed to be used independently of each other, an APF applies cumulatively to each program product on a per-unit basis.

*Example:*

A package sold containing two portable air conditioners (each with their own chassis) would be levied two portable air conditioner APFs.

### 13. Compliance Matters

During the course of its work MARR can, from time to time, become aware of potential compliance issues respecting non-participants as well as participants. Some of these types of situations are described below. In addressing these situations MARR will, generally speaking, be guided by the following policies and procedures. MARR however reserves the right to take different or additional actions where that is considered appropriate having regard to all relevant facts.

| Issue   | Policy and Procedure  |
|---|---|
| Producers who are selling in BC without seeking to join MARR or otherwise complying with the Regulation   | As MARR is not an enforcement official under the B.C. Recycling Regulation it will not actively “police” potential violations of the Regulation by non-members. But if MARR does become aware of any such entities it will: <ul style="list-style-type: none"> <li>(a) invite the Producer to apply to join the MARR program if it wishes, and,</li> <li>(b) advise the Ministry if the Producer decides not to do so.</li> </ul>   |
| Producers who apply to join MARR and, at time of joining, it is understood by MARR that they have been previously selling in BC without otherwise complying with the Recycling Regulation | MARR will advise the Producer that: <ul style="list-style-type: none"> <li>(a) it will consider the application notwithstanding the apparent prior non-compliance,</li> <li>(b) it will be advising the Ministry of the prior apparent non-compliance,</li> <li>(c) the Producer is not required to pay MARR back fees, and</li> <li>(d) MARR understands the Ministry has in the past accepted back payment to an agency as a resolution and if they wish to do so MARR will accept the funds and ensure the notice to the Ministry indicates this.</li> </ul> MARR will otherwise leave past non-compliance issues for the Ministry to deal with. |

| Issue  | Policy and Procedure   |
|--|--|
| <p>Producers who apply to join MARR and at time of joining it is not known they have been previously selling in BC but MARR later learns of this</p> | <p>MARR will advise the Producer that:</p> <ul style="list-style-type: none"> <li>(a) it will be advising the Ministry of the prior apparent non-compliance,</li> <li>(b) the Producer is not <i>required</i> to pay MARR back fees, and</li> <li>(c) MARR understands the Ministry has in past accepted back payment to an agency as a resolution and if they wish to do so MARR will accept the funds and ensure the notice to the Ministry indicates this.</li> </ul> <p>MARR will otherwise leave past non-compliance issues for the Ministry to deal with.</p>                    |
| <p>Participants who fail to charge / remit APFs, or make late or insufficient reporting and remitting of APFs after the date of joining</p>          | <p>MARR will make reasonable efforts to work with the participant to address such measures swiftly and amicably, having regard to the extent of the problem, the compliance history of the participant and any other relevant facts.</p> <p>If the matter is not resolved to the satisfaction of MARR in a timeframe acceptable to MARR, or if there is an ongoing pattern of non-compliance, then the Agency Appointment Agreement may be terminated in accordance with section 8.3 of that Agreement.</p> <p>The Ministry will be advised of any Agency Appointment termination.</p> |
| <p>Participants who charge clients APFs that exceed amount required by MARR</p>  | <p>MARR will advise the Ministry.</p> <p>MARR will not demand the participant to pass the overcharged funds to MARR.</p> <p>If the overcharge is publicly described as relating to MARR, MARR may undertake additional compliance actions under its compliance policy (including potentially terminating the Agency Appointment Agreement) depending on circumstances.</p> <p>The Ministry will be advised of any Agency Appointment termination.</p>  |