



Information for Retailers About the New Tire Surcharge

The Designated Materials Regulation, which came into effect on July 21, 2003, establishes a surcharge to be paid by consumers on each new tire they obtain in the Yukon. Retailers who supply new tires within the Yukon are required to collect this surcharge from consumers, and remit it to the government. This fact sheet has been prepared to answer some questions regarding the new surcharge and the requirements of the new regulation.

Frequently Asked Questions

1. Do I need a Designated Materials permit?

If you supply new tires in the Yukon, whether separately or included with a piece of equipment (for example, a new car), you need a permit under the Designated Materials Regulation. There is no charge for this permit, which is issued for renewable 3-year terms. Please contact the Environmental Programs Branch (see over).

2. As a retailer, what is my role with regards to the surcharge?

Retailers of new tires are responsible for collecting the applicable surcharge from their customers, and for remitting that surcharge to the government. Failure to collect a surcharge from a consumer does not absolve the retailer from remitting that surcharge – in other words, even if you don't collect it from consumers, *you still owe it to the government*. So, it makes sense to know the rules and to collect the applicable surcharge on each new tire you supply.

3. To what tires does the surcharge apply?

The \$5 surcharge applies to all new tires with an inner diameter of 24.5 inches (622.3 mm) or less, that will be used on a motorized vehicle or a conveyance powered by a motorized vehicle. This means that most tires used on passenger cars and trucks, semi trucks, utility trailers, riding lawnmowers, etc., will be subject to the surcharge. The surcharge does not apply to tires for bicycles, wheelbarrows, wheelchairs, or personal mobility vehicles, etc. GST is applicable to the surcharge.

Keep in mind that the surcharge also applies to “no charge” new tires, such as those given out as warranty replacements or as the result of a “buy 3, get 1 free” sale, etc., or those used by a business out of their own stock. This is because even these types of “free” tires will be discarded one day and the surcharge is needed to pay for their eventual recycling costs.

4. Does the surcharge apply to sales made to other Yukon businesses?

Yes - all new tires supplied in the Yukon are subject to the applicable surcharge regardless of whether they are supplied to another business or to an individual consumer. A smaller business who pays the surcharge to their Yukon supplier will deduct that initial payment from the amount owing to the government for that period on their remittance form (see below).

5. Does the surcharge apply to sales made to customers from outside the territory?

It depends on the situation:

- a) If you supply a tire in the Yukon (i.e. at your place of business), you must collect the surcharge regardless of where the customer is from. So, if someone from Alaska, for example, comes to your Yukon business to purchase a new tire, you must collect the surcharge from them. One reason for this is that if we exempted Outside customers from paying our surcharge, but they discarded their used tires here, we would have to recycle those tires without collecting any money to do so. This would put too great a strain on our tire management program and it would soon fail.
- b) If, however, you ship a new tire to a location outside the Territory, you do not have to charge the surcharge on that sale. You must, however, submit paperwork with your quarterly remittance form showing that the tire was sent out of the Yukon (such as an invoice with a non-Yukon "Ship To" address). And, you would have to abide by the rules of the jurisdiction where the tire is shipped, in regards to collecting their surcharge, if any. If in doubt, it's safer for you to charge the surcharge.

6. Who remits the surcharge on National Account sales?

Generally, the tire manufacturer will remit the surcharge. To do so, however, they first need to obtain a Designated Materials permit from the Environmental Programs Branch – applications for which can be obtained by contacting the Branch at the numbers below.

7. What if I didn't supply any tires in the last quarter?

If your business is a seasonal operation, you may not have to submit a return for the months you do not operate; please contact Revenue Services at the numbers below to discuss setting up a non-standard remittance schedule. If, however, you operate year-round, you must submit a return declaring that you supplied no new tires the previous quarter.

Retailer's Quarterly Tire Return

All tire retailers are required to remit to the government the surcharges collected on the supply of all applicable new tires. Such remittances are due on the 15th of the month following each calendar quarter: i.e. on January 15, April 15, July 15, and October 15. The surcharge remittance form TR-1: Retailer's Quarterly Tire Return, and its Schedule 1: Used Tire Inventory Reconciliation, must be submitted with each remittance. This section contains some information on how to fill out these forms.

The Retailer's Quarterly Tire Return Form (TR-1) asks you to specify three figures used to calculate the surcharge due to the government for the previous calendar quarter, as follows:

- **Box A:** the number of new tires sold by your business, separated into the two size ranges (less than or equal to 24.5" rim size, and for tires larger than that). Box A for the smaller size range is multiplied by the surcharge (\$5 per tire, Box B) to get Box C, the gross surcharge due.
- **Box D:** the amount of any surcharges paid to other permitted Yukon tire retailers (for example, a smaller retailer who purchased tires from a larger Yukon retailer for resale would claim the surcharges they paid in this box).
- **Box E:** any credits carried forward from the previous quarter (see explanation below).

Box C minus D minus E gives a figure for Box F, the balance due. If the figure in Box F is a positive number, you have a balance owing and should send your cheque (payable to the Department of Finance) with the completed form. If the figure in Box F is a negative number, you have a credit which you may enter into Box E of next quarter's return to reduce any surcharge payable for that period.

The Used Tire Inventory Reconciliation Form (TR-S1) on the back page collects information that will enable us to determine how many used tires will require recycling in the upcoming year, as follows:

- **Box A:** the number of used tires stored at the beginning of the previous calendar quarter;
- **Box B:** the number of used tires left at your business by customers buying new tires;
- **Box C:** the number of used tires accepted by your business from sources other than customers (if applicable; for example, tires discarded in a greenbelt brought to the business by an employee);
- **Box E:** the number of used tires taken away by customers after buying new tires;
- **Box F:** the number of used tires taken to the **local** dump by employees of the business;
- **Box G:** the number of used tires taken to a different disposal site, by employees of the business.

The beginning inventory of used tires (Box A), plus those used tires that came into the business (B + C), minus those used tires removed from the business (F + G) will give a figure for Box I, the ending inventory for that quarter (which will become the figure for Box A on the next quarterly return). In addition, Box E – used tires kept by customers – will provide an indication of how many tires we may expect to be disposed of or reused by consumers.

After filling out all applicable fields on Forms TR-1 and TR-S1, please return them to Revenue Services at the address given below.

Other Topics

Fact Sheets are also available on the following topics:

- Designated Materials Regulation (General)
- Tire Storage

For more information on the Designated Materials Regulation or the used tire management program, please contact:

Environmental Programs Branch
Department of Environment (V-8)
Box 2703
Whitehorse, Yukon
Y1A 2C6

Phone: (867) 667-5683
Toll Free: 1-800-661-0408 extension 5683
Fax: (867) 393-6205
email: envprot@gov.yk.ca

For more information on the Retailer's Quarterly Tire Return, please contact:

Revenue Services
Department of Finance (B-1)
Box 2703
Whitehorse, Yukon
Y1A 2C6

Phone: (867) 667-5345
Toll Free: 1-800-661-0408 extension 5345
Fax: (867) 393-6217



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