

# CANADA

## EHF CANADA

Tax Research

### ENVIRONMENTAL HANDLING FEES IN CANADA

A new authority, **Northwest Territories Fees**, was added in the February 2016 Content Update to support Environmental Handling Fees (EHF) in the territory. These fees are only supported in ONESOURCE Indirect Tax Determination versions 5.0.0.0 and above.

Thomson Reuters has determined the fees are subject to the GST/HST in participating provinces, and the QST in Quebec.

The Government of Saskatchewan does not apply the PST to EHF's when they are separately stated. Determination can be configured to allow the fee to be separately stated.

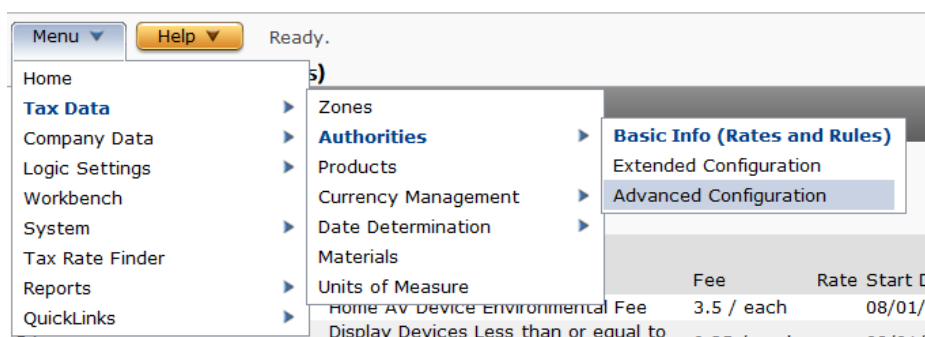
### TURNING ON THE FEE AUTHORITIES

All of the following fee authorities, including the new Northwest Territories Fees authority, are turned off by default:

- Alberta Fees
- British Columbia Fees
- Manitoba Fees
- Newfoundland Fees
- Northwest Territories Fees (**New February 2016 Content**)
- Nova Scotia Fees
- Ontario Fees
- Prince Edward Island Fees
- Quebec Fees
- Saskatchewan Fees

Follow the steps below to turn on the new authority. The steps are identical for turning on any of the authorities; however the start date will be different.

1. Go to **Menu > Tax Data > Authorities > Advanced Configuration**.



- On the Advanced Configuration screen, search for **Northwest Territories Fees**.

**Advanced Configuration** Search Options

**Selected Authority:** Northwest Territories Fees Search Actions

**Search for Authorities:**

Tax Data Type:  Authority Name:  Templates: ☐ Custom: ☐

**Search Results:**

Authority Name	Product Group
Search Results	
Northwest Territories Fees	Canada

- Click **Options** and then click the **Actions** button and select **Add**.
- Select **Turn Off Authority**.
- Set **Condition** to **None**.
- Set **Value** to **No**.
- Set the start date to **2/1/2016**.
- Click **Submit**.

The image below shows the Advanced Configuration screen set to Turn Off Authority.

**Advanced Configuration** Search Options

**Selected Authority:** Northwest Territories Fees **Selected Authority Option:** Submit Actions

**Custom Authority Options:**

Name	Condition	Value	Start Date	End Date
Turn Off Authority	- None -	No	02/01/2016	

## CREATING A RULE FOR EACH FEE

As part of this update, a line will no longer be returned a fee is not assessed. Instead, a system message will be returned noting that since the 10000 rule is marked as No Tax, no tax block is returned.

**RULE\_NO\_TAX** This rule is marked as No Tax. This will result in this tax block being removed from calculation. Authority: Northwest Territories Fees ; Rule order: 10000

You need to create a rule for each of the fees that you wish to collect in the Fee Authority (e.g. Northwest Territories Fees) and attach it to the corresponding fee (e.g. DC).

The consumer electronics products covered under the EHF program are not supported in Standard ONESOURCE Indirect Tax Content. You can either create custom products or use a rule with a tax code.

Regardless of whether you choose a custom product and a rule or a rule with a tax code, set the calculation method to **Fee on Quantity**.

**Rule Details:**

Custom Product Categories.EHF Products.Desktop Computers

[Show Rule Qualifiers](#) [Show Rule Output](#)

Rule Order:  No Tax: ☐ Related Charge: ☐

Rate Code:  Exempt: ☐ Allocated Charge: ☐

Tax Type:

Product Name:  Clear

Material List:  Rate Set:

Start Date:  31

End Date:  31

Calculation Method:

After creating the rules in the Fee Authority, you may create a specific product rule in the GST, HST, or PST authorities for the product as necessary. For example, if you are collecting fees in the Northwest Territories, you would need to create a rule for these fee products in the Canada authority with a calculation method of **Tax on Gross and Contributing Authorities**.

In order to properly account for the assessment of federal and provincial tax on EHF's, you must add custom rules using the Tax on Gross and Contributing Authorities method to the following authorities:

- British Columbia
- Canada
- Manitoba
- Newfoundland
- Nova Scotia
- Ontario HST
- Prince Edward Island HST
- Quebec

Rules do not need to be added to the Saskatchewan authority since its provincial taxes do not apply to the fees. Rules do not need to be added to the Alberta or Northwest Territories authorities since those jurisdictions do not impose provincial-level taxes.

Consult the table below for the appropriate start dates:

Authority	Start Date for Rule
British Columbia	1 April 2013
Canada	1 March 2009
Manitoba	1 August 2012
Newfoundland	1 August 2013
Nova Scotia	1 March 2009
Ontario HST	1 July 2010
Prince Edward Island HST	1 April 2013
Quebec	1 October 2012

After the product rules have been created, setup the contributing authorities. Select the company and go to **Menu > Authorities > Extended Configuration > Contributing Authorities**.

These contributing authorities must be added to the authority of Canada.

Fee Authority	Start Date
Alberta Fees	1 March 2009
British Columbia Fees	1 April 2013
Manitoba Fees	1 August 2012
Northwest Territories Fees	1 February 2016
Saskatchewan Fees	1 March 2009
Quebec Fees	1 October 2012

These existing authorities must be end dated as contributing authorities to the Canada authority, if they are present.

Fee Authority	Start date
British Columbia Fees	30 June 2010
Ontario Fees	30 June 2010
Prince Edward Island Fees	31 March 2013

This existing authority must be end dated as a contributing authority to the British Columbia HST authority, if it is present.

Fee Authority	End date
British Columbia Fees	31 March 2013

These authorities must be added as contributing authorities.

Authority	Contributing Authority	Start Date
British Columbia	British Columbia Fees	1 April 2013
Manitoba	Manitoba Fees	1 August 2012
Newfoundland	Newfoundland Fees	1 August 2013
Nova Scotia	Nova Scotia Fees	1 March 2009
Ontario HST	Ontario Fees	1 July 2010
Prince Edward Island HST	Prince Edward Island Fees	1 April 2013
Quebec	Quebec Fees	1 October 2012

## CONCLUSION

The EHF authorities represent specific fees for enumerated products and do not apply to goods and services provided in Canada generally.

