

LEVY FREQUENTLY ASKED QUESTIONS

GENERAL QUESTIONS

1. Q: How much is the levy under the new Board Order?

A: The *Levy* is \$6.00/head plus HST, collected every time an animal is sold or processed.

2. Q: Who has to pay the levy?

A: Section 25 of the Prince Edward Island Cattle Producers Commodity Marketing Plan Regulations and this *Cattle Marketing Levies Board Order* states that by law, every cattle *Seller* has an obligation to pay the levy on the sale of all cattle, excluding dairy breeding stock. The levy is always paid by the *Seller*. (The levy is deducted from the payment made to the *Seller* when an animal is sold.)

3. Q: Who remits the levy?

A: The levy must be remitted by the *Buyer* to the PEICP office by the 15th of the month following the month in which the transaction took place.

4. Q. Is the levy collected only when cattle are sold for processing?

A: No. The levy is payable every time cattle are sold.

5. Q: Are levies subject to taxes?

A: Yes, levies are subject to HST at the rate of 15%.

6. Q. How are my levy dollars spent?

A: Levy dollars are used for administration, program support, promotion and research. The provincial portion of the levy (\$3.50) pays for the PEICP's allocations to the Canadian Cattlemen's Associations and pays for general operations of the PEICP. The remaining portion of the levy (\$2.50) is a mandatory national levy (often referred to as National Check-Off(NCO)) and is collected to fund research and marketing activities on behalf of the entire industry. The goal of the NCO is two-fold: i) to increase sales of domestic and export beef; and ii) to find better and more efficient methods of

producing beef and beef cattle. This work is carried out through the Beef Cattle Research Council and Canada Beef.

The PEICP is actively engaged in a range of issues and supports its membership in the following ways:

- o Advocating on federal and provincial beef related issues and initiatives
- o Policy planning
- o Development of industry programs and services
- o Industry sustainability
- o Market information and analysis
- o Production and marketing research
- o Promotion of beef
- o Industry communication through various mediums

7. Q. I live in Prince Edward Island, but I sold cattle out of province. Am I required to pay levies?

A: Yes. Regardless of where your cattle end up, you are required to pay the levy when you *sell* your cattle. For example; if you sold your cattle to a producer in another province, the producer who purchased your cattle will deduct the levy from the payment you receive for your cattle. It then becomes the *Buyer's* responsibility to remit the levy to their provincial association, from where it will be returned to the appropriate provincial association. (We recommend you retain a copy of your sales receipt showing where your levies were paid.)

8. Q. I do not live in Prince Edward Island, but I sold cattle to a PEI Registered Buyer. Am I required to pay levies?

A: Yes. Every province in Canada has a prescribed levy rate. The *Buyer* of the cattle is required to deduct and remit the levy in the amount regulated by the province in which the *Seller* resides. PEI *Buyers* are reminded that they must remit all levies to the PEICP from where it will be redistributed to the *Seller's* provincial association.

9. Q: I am instructed to remit all levies to the beef association in my home province even if the levies are for cattle purchased from outside my province. How will these levies get back to their rightful province?

A: The National Check-Off Agency (NCOA) is tasked with collecting and redistributing all levies. When an association remits levies collected on cattle from another province, to the NCOA, the NCOA will distribute them to their rightful association.

Buyer's Registration

10. Q: I am a producer; do I need to register as a *Buyer*?

A: No, producers by definition in PEI, are *Buyers*, although we do recommend that you apply for a *Buyer's Registration*. There is no cost to register but; if you do, your name will be added to a list of *Registered Buyers* that will be posted on the PEICP's website. This list will include *Registered Buyers* who are in good standing with the PEICP and who regularly remit levies on Producers' behalf.

11. Q: Is there a new requirement for cattle *Buyers* to have a *Buyer's Registration*?

A: Yes, anyone who buys cattle, (with the exception of a producer) including a drover, an auction mart, or a slaughter facility, must have a *Buyer's Registration*. The application for *Buyer's Registration* can be found on the *Levies* tab of the PEICP website.

12. Q: Why do I need a *Buyer's Registration*?

A: The *Buyer's Registration* will help the PEICP ensure that levies are being collected and remitted. On occasion it may be necessary to audit a *Registered Buyer's* records to ensure that producers have paid their levies. This will help to ensure a producer is in good standing with the PEICP. Only producers in good standing will be eligible for any programs or services the PEICP offers.

13. Q: How do I obtain a *Buyer's Registration*?

A: A *Buyer's Registration Application* can be obtained online on the PEICP website under the *Levies* tab. By completing and submitting the *PEICP Buyer's Registration Application* and as long as you are in good standing with the PEICP, your name will be added to a list of *Registered Buyers* that will be regularly updated on the PEICP website.

14. Q: Is there a fee for the *Buyer's Registrations*?

A: There is no fee for a *Buyers Registration*.

15. Q: If I have a *Buyer's Registration*, am I required to report regularly on the levies I collect and remit?

A: Yes, those who hold a *Buyer's Registration* must complete the *PEICP Levy Remittance Form for Buyer's* and submit it with the remittance of levies to the PEICP by

the 15th of the month following the month in which cattle were purchased. If no levies have been collected, no reporting is required.

16. Q: Will my *Buyer's Registration* allow me to purchase cattle in Nova Scotia or New Brunswick?

A: It is the goal of the three Maritime provincial cattle boards to develop a Memorandum of Understanding (MOU) that will recognise each other's *Buyer's Registration* or equivalent. This will require further consultation once each province has their *Levy Orders* in place. Since producers do not require a *Buyer's Registration*, we recommend they register as a *Buyer* in the event an MOU can be reached.

17. Q. Am I entitled to a reporting administration fee when I remit levies?

A: Last year, at the recommendation of the provincial abattoirs, the levy remittance administration fee was terminated. There is currently no administration fee for reporting levies.

18. Q. What is the Seven Day Buyer Exemption?

A: If a *Buyer* purchases cattle and resells them in less than seven days, he is only responsible for remitting the levy on the first sale. If the *Buyer* holds the cattle for more than seven days, a *second* levy shall be deducted and remitted.

19. Q. Does the PEICP require the names and addresses of *Buyers* and *Sellers*?

A: By law, the *Registration and Cattle Marketing Levies Order* requires that the *Buyers* and *Sellers* maintain a copy of the sales/purchase receipts indicating levies paid, for a period of seven years, in the event an audit of levies is required. The sales /purchase receipt must include full names, addresses, postal codes of the *Seller* and the *Buyer*.

DAIRY PRODUCERS:

20. Q: I am a dairy producer; do I have to pay the PEICP levy on cattle I sell?

A: Yes, with the exception of dairy breeding stock and other cattle marketed for dairy purposes, all dairy animals are eventually sold for beef and are subject to the levy, including bob calves, cull cows, bulls and lean dairy animals.

21. Q: If I complete and submit the authorization for the *Alternative Dairy Producer Levy Prepayment Program*, do I still have to pay levies on the sale of every bob calf at the farm gate?

A: No. The *Alternative Dairy Producer Levy Prepayment Program* calculates the levies you owe based on a formula using your Total Production Quota (TPQ). A payment, for the Levies you owe, will be deducted from your milk cheque. Once a dairy producer registers for the *Alternative Dairy Producer Levy Prepayment Program*, their name will be added to a list of producers who do not have to pay the levy at the farm gate or at processing. **Please note; this program is not in effect for 2017.**

PROCESSING FACILITIES:

22. Q: I operate a processing facility; do I need to collect and remit levies every month?

A: Yes, you will be required to complete the *PEICP Levy Remittance Form for Buyer's* and remit any levies to the PEICP by the 15th of the month following the quarter in which the animals were processed.

DIRECT MARKETING, OWN USE AND BREEDING STOCK:

23. Q: Do I pay the levy on cattle I direct market?

A: Yes, you do have to pay a levy on cattle you direct market. The levy will be collected at the slaughter facility when the animal is processed.

Example:

Cow/calf Producer sells a feeder to a feedlot or to a drover for	\$1000.00
Feedlot or Drover deducts the Levy (\$6.00 Plus HST \$0.90)	<u>-6.90</u>
Feedlot or Drover pays the Cow/Calf producer	\$993.10

Feedlot or Drover remits Levies plus HST to the PEICP	\$6.90
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