



Softwood Lumber Products Export Charge Notice

SWLN-005

April 2008

EXPORTERS OF SOFTWOOD LUMBER PRODUCTS Certification of Independent Remanufacturers

The purpose of this notice is to outline and explain the procedures for the certification of independent remanufacturers and is for reference purposes only. It does not replace the Act or regulations. Should there be any discrepancy between the information in this Notice and that contained in the Act or its regulations, the legislative provisions will apply.

All legislative provisions cited in this Notice are from the *Softwood Lumber Products Export Charge Act, 2006*.

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Overview

Under the *Softwood Lumber Products Export Charge Act, 2006* (the Act), differential treatment is accorded to remanufacturers with respect to the calculation of the export price upon which the charge is payable. Only exporters that qualify as independent remanufacturers and that are certified as such by the Minister of National Revenue (Minister) are entitled to calculate the charge payable using the export price set out in paragraph 13(2)(b) of the Act. (This may be described as the first mill value of the softwood lumber used in the remanufactured product.)

Procedure for certification

Exporters may apply for certification as an independent remanufacturer at the time of registration. Exporters must complete the general registration form B253, *Softwood Lumber Products Export Charge Registration Form*, and the supplement, form B253-1, *Softwood Lumber Products Export Charge Registration Form – Independent Remanufacturer Supplement*. The application must include the following:

- For each province (other than the Atlantic Provinces, the Northwest Territories, Yukon or Nunavut) in which the applicant acquires softwood lumber products, an original certificate from that province attesting that the applicant:
 - does not hold Crown tenure rights in that province; and
 - after October 12, 2006, has not acquired standing timber directly from the provincial Crown in that province.

La version française du présent document est intitulée *Exportateurs de produits de bois d'œuvre – Agréments délivrés aux entreprises indépendantes de seconde transformation*.



Canada Revenue
Agency

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- Certification, as required on form B253-1, that they are not an associated person¹ with any company that holds provincial Crown tenure rights or that has acquired standing timber directly from a province.
 - A list of remanufactured softwood lumber products that they expect to produce in the next 12 months.

Where an application is approved, the Minister will issue a letter confirming the certification and its effective date. The certification will be valid for one year and must be renewed annually. To continue exporting as an independent remanufacturer, the person must complete the renewal process by the anniversary date of the certification.

Notification of changes

Certified independent remanufacturers are required to notify the CRA, in writing, of any changes that may be relevant to their certification. Examples of such changes include acquiring Crown tenure, becoming associated with a tenure holder, or a change in a business name or address.

Amendment of certification [subsection 25(2)]

The Minister can amend a certification after receiving notice of the types of changes described above or for any other purpose required by the Act.

Renewal of certification [subsection 25(2)]

Approximately 60 days before the anniversary date, the CRA will send the certified independent remanufacturer a notice to renew certification. The remanufacturer must submit the required documents described under the heading “Procedure for certification” to the CRA 30 days before the anniversary date. Upon receipt of these documents, the Minister may renew the certification.

Note: Failure to submit a complete application for renewal by the anniversary date may result in the cancellation of the certification.

Cancellation of certification [subsections 25(2) and 25(3)]

The Minister may cancel a certification:

- at the request, in writing, of the remanufacturer; or
- where the remanufacturer no longer meets the requirements for certification.

Before cancelling a certification (unless acting at the request of the remanufacturer), the Minister will provide, in writing, 30 days notice of the proposed cancellation and its effective date, along with all the relevant information concerning the reasons for the proposed action. A person receiving a notice of the proposed cancellation of certification may, within 30 days from the date of the notice, make representations to the Minister regarding why the certification should not be cancelled. Certification will not be cancelled where it is determined that the reasons for cancellation no longer exist.

As of the effective date of the cancellation, the exporter is not considered to be a certified independent remanufacturer and is not entitled to the considerations (i.e., use of first mill to determine export price) provided under the Act.

Registry of certified independent remanufacturers

In accordance with subsection 25(4) of the Act, the Minister has established a registry on the CRA Web site listing all certified independent remanufacturers for purposes of the softwood lumber products export charge (see the

¹. The term “associated person” is defined in the “Glossary” at the end of this document.

section “CRA contact information and Web sites”). The registry contains the following information with respect to each certification:

- the name of the person certified;
- the date of the certification;
- any amendment made to the certification and the date of the amendment; and
- the date of any renewal or cancellation of the certification.

Non-independent remanufacturers

Non-independent remanufacturers may apply for certification as an independent remanufacturer if their status changes. In this case, the applicant must submit the following:

- Where the applicant’s business relationships have changed such that they are no longer associated with a person that holds provincial Crown tenure or that has acquired standing timber directly from the Crown, a detailed submission describing how the relationship has changed and why they would no longer be an associated person.
- Evidence that, at the time of application, they hold no inventories that have been produced from tenured logs. That is, their inventories have not been produced from logs obtained pursuant to provincial Crown tenure granted to them or from standing timber they acquired directly from a provincial Crown, or pursuant to provincial Crown tenure granted to a former associated person or from standing timber acquired directly from a provincial Crown by that person.

This information, along with the documents and certifications described under the heading “Procedure for certification” and a completed form B253-1, must be sent to the Softwood Lumber Unit at the Surrey Tax Centre. If the application is accepted, the Minister will issue a letter confirming the certification and its effective date.

CRA contact information and Web sites

Questions regarding the application for certification may be referred to:

Surrey Tax Centre
Softwood Lumber Division
9755 King George Boulevard
Surrey, BC V3T 5E1

Telephone: 1-800-935-0313 (service in English) or 1-800-935-0340 (service in French)
Fax: 604-585-5772

Questions regarding the legislation and policies relating to certification may be referred to:

Softwood Lumber Unit
Excise Duties and Taxes Division
Excise and GST/HST Rulings Directorate
320 Queen Street, 20th floor
Ottawa, ON K1A 0L5

Telephone: 1-866-330-3304
Fax: 613-954-2226

CRA softwood lumber products export charge Web site: www.cra-arc.gc.ca/softwood/
CRA forms and publications Web site: www.cra-arc.gc.ca/menu/AFAF-e.html

Glossary

This glossary explains certain terms used in this notice.

Associated persons

“Associated persons” means

- a) Persons related to each other in that:
- (i) they are individuals connected by blood relationship, marriage, common-law partnership, or adoption within the meaning of subsection 251(6) of the *Income Tax Act*,
 - (ii) one is an officer or director of the other,
 - (iii) each such person is an officer or director of the same two corporations, associations, partnerships, or other organizations,
 - (iv) they are partners,
 - (v) one is the employer of the other,
 - (vi) they directly or indirectly control or are controlled by the same person,
 - (vii) one directly or indirectly controls or is controlled by the other,
 - (viii) any other person directly or indirectly owns, holds or controls 5% or more of the outstanding voting stock or shares of each such person, or
 - (ix) one directly or indirectly owns, holds or controls 5% or more of the outstanding voting stock or shares of the other;
- or
- b) Persons not related to each other, but not dealing with each other at arm’s length. It is a question of fact whether persons not related to each other were, at a particular time, dealing with each other at arm’s-length.

Independent remanufacturer

A person who produces remanufactured softwood lumber products and is certified to be independent by the Minister.

Remanufactured softwood lumber products

This means that the softwood lumber product, in order to produce a semi-finished or finished softwood lumber product, has been subjected to changes, including changes in thickness, width, length, profile, texture, moisture or grading, has been joined together by finger-jointing or has been turned.

Remanufacturer of softwood lumber products

A person who produces remanufactured softwood lumber products.

Tenure Holder

A person holding specific rights to harvest timber in a Crown/public forest.