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For more information concerning the history of these regulations, please see the [Table of Regulations](#).

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CHAPTER R-13.2

REVENUE ADMINISTRATION ACT

REGULATIONS

Pursuant to section 28 of the *Revenue Administration Act* R.S.P.E.I. 1990, Cap. R-13.2, Council made the following regulations:

PART I

REVENUE TAX

1. (1) In this Part “Act” means the *Revenue Tax Act* R.S.P.E.I. 1988, Cap. R-14 and other terms such as “goods”, “purchaser”, “tax” and “vendor” have the same meaning as set out in that Act. Definitions

(2) In this Part, “record” means any information set down by handwriting, books of account, document, drawing, typewriting, printing, photocopying, photographing, magnetic impulse, mechanical or electronic recording or any other means. (EC390/91; 197/11) Record, defined

2. (1) On or before the twentieth day of each month every vendor shall make a return to the Commissioner in such form as may be approved by the Minister of all sales of goods made by him during the calendar month immediately preceding and shall remit to the Minister the tax collected and deposits received by him during such period. Monthly return

(2) Notwithstanding subsection (1), a vendor shall make a return to the Commissioner of all sales of goods made by him at any time required by the Commissioner covering such period as the Commissioner may determine, and shall therewith remit to the Minister the tax collected and deposits received by him during such period. Particular returns

(3) Unless a consolidated return has been approved by the Commissioner, every vendor shall make a separate return in respect of each place of business operated by him. Return for each place of business

(4) Whenever a vendor is required to make a return of the sales of goods made by him and the vendor has made no sales of goods during the period in respect of which the return is required to be made, he shall make a return setting forth that fact. Return where no sales

(5) For the purpose of subsection 17(2) of the Act, any person referred to in subsection 17(1) of the Act shall remit to the Minister by certified Assignee, liquidator, etc. to remit taxes

cheque or bank draft within thirty days after demand all unremitted taxes collected by and deposits received by the vendor prior to the person taking control or possession of the vendor's property or carrying on or managing the business of the vendor. (EC390/91)

Particulars

3. (1) Every vendor shall keep and maintain records sufficient to furnish the Commissioner with the necessary particulars of

- (a) sales of goods;
- (b) goods purchased or taken from stock by the vendor for his own consumption or use;
- (c) out-of-province sales;
- (d) non-taxable sales;
- (e) taxable sales;
- (f) amount of tax due or collected; and
- (g) disposal of tax including commission taken.

Records maintained
in electronic form

(1.1) Where a vendor maintains the records set out in subsection (1) in electronic form, that vendor must ensure, for as long as those records are required to be preserved, that the records

- (a) remain complete and unaltered, apart from any changes or additions made in the normal course of communication, storage or display, from the time they were first made in final form;
- (b) are accessible by the vendor which is required to retain them; and
- (c) are capable of being printed and of being produced in electronically readable format for inspection, examination or audit.

Inspection of
electronically
maintained records

(1.2) In order to inspect records that are maintained electronically at the place of inspection, the Commissioner, an inspector or any person authorized by the Minister may require the vendor to produce the records in the form of a printout or to produce them in an electronically readable format, or to do both.

Preservation of
records

(2) Every vendor shall preserve all records until such time as the Commissioner may authorize their destruction. (EC390/91; 197/11)

Allowance or
commission

4. (1) A vendor may be paid for his services in collecting and remitting the tax, and in receiving and remitting deposits to the Minister a sum equivalent to three per cent of the amount of the tax collected or deposits received by him to a maximum of \$500 in respect of each fiscal year of the province.

Disallowance

(2) The Minister may disallow payments of such allowance to any vendor where he is satisfied that the vendor has failed to receive a deposit or to collect a tax or to make a return required of him by or under the Act or regulations. (EC390/91)

- 5.** Where a vendor has made sales on a charge basis without collecting the tax at the time of sale he is obliged to report such sales in his monthly return under the taxable sales heading and report and pay the tax thereon. (EC390/91) Charged items
- 6.** The tax must be collected on the total of a sale for repayment by instalments, that is to say not only on the amount received in cash but also on the amount of the payments to be received later, but, when interest and finance charges form part of the contract but appear as separate items, the tax is not to be computed on such items. (EC390/91) Sale by instalments
- 7.** (1) Where a vendor carries on business at more than one place, he shall obtain a registration certificate in respect of each individual place of business. Registration of each place of business
- (2) The registration certificate shall be displayed in a prominent place on the premises; provided that in cases where a vendor has no fixed place of business in the province, he shall keep his certificate on his person at all times while doing business and produce it upon request to a purchaser or a duly authorized representative of the Commissioner. Display of certificate
- (3) Where agents make sales on behalf of a principal and do not have any fixed place of business, a registration certificate shall be obtained for each agent and, the agent shall keep the certificate on his person at all times while doing business and produce it upon request to a purchaser or a duly authorized representative of the Commissioner. Agents
- (4) Where an agent ceases to carry on business in respect of which a registration certificate has been issued, the certificate shall thereupon be void and he shall return the same to the Commissioner within fifteen days of the date of discontinuance. (EC390/91) Return of certificate
- 8.** (1) Subject to the approval of the Minister, the Commissioner may cancel or suspend the registration certificate of any vendor under the following circumstances: Cancellation of vendor's certificate
- (a) where a vendor has been found guilty of an offence under the Act or under any statute of the province or regulations approved pursuant thereto;
 - (b) where the Commissioner has reason to believe a vendor has been or is carrying on business in contravention of a statute of the province or regulations approved pursuant thereto;
 - (c) where a vendor is in default in remitting tax collected and deposits received by him under the Act; or
 - (d) where a certificate has been filed with the Registrar of the Supreme Court under section 13 of the *Revenue Administration Act*.

Reinstatement of cancelled certificate	<p>(2) The Commissioner may reinstate a registration certificate which has been suspended or cancelled under the following circumstances:</p> <ul style="list-style-type: none"> (a) where the Commissioner is satisfied that the vendor has complied with the decision of the court in regard to the offence of which he was found guilty; (b) where the vendor has remitted to the province all tax collected and the deposits received by him which were due and payable; or (c) where the vendor has discharged the certificate filed with the Prothonotary of the Supreme Court by payment of the amount due therein.
Vendor may appear	<p>(3) Before a refusal, suspension, or a cancellation may be made the vendor shall be afforded an opportunity to appear before the Commissioner to show cause why the issuance of a permit should not be refused or why the permit should not be suspended or cancelled as the case may be. (EC390/91)</p>
Cancellation of permits	<p>8.01 (1) The Minister may cancel or suspend a permit issued under section 13.1 of the <i>Revenue Tax Act</i> Regulations (EC262/60) if the permit holder fails to comply with any provision of the <i>Revenue Administration Act</i> or a revenue Act, or any regulations made thereunder.</p>
Reinstatement of cancelled permit	<p>(2) The Minister may, after cancelling or suspending a permit, reinstate the permit if the Minister is satisfied that the permit holder has complied with every provision of the <i>Revenue Administration Act</i> or a revenue Act, or any regulations made thereunder, with which the permit holder had previously failed to comply. (EC292/03)</p>
Rebate of tax by vendor in respect of bad debt	<p>8.1 (1) The Minister may, in accordance with this section, rebate tax to a vendor that the vendor remitted to the Minister in respect of a sale of goods by the vendor to a purchaser if the Minister is satisfied that</p> <ul style="list-style-type: none"> (a) the vendor has given credit to the purchaser with respect to the sale of goods, together with revenue tax payable by the purchaser; (b) the purchaser has defaulted in the payment to the vendor of all or part of the amount payable to the vendor in respect of the sale; (c) the vendor has written off as a bad debt in the vendor's books of account the unpaid amount payable to the vendor in respect of the sale; and (d) the write-off of the unpaid amount payable to the vendor as a bad debt is in accordance with generally accepted accounting principles, as recognized by the Canadian Institute of Chartered Accountants, applicable at the time of the write-off.
Circumstances in which rebate may not be payable	<p>(2) Notwithstanding subsection (1), no rebate of tax shall be made to a vendor under this section in respect of an unpaid amount payable to the vendor if</p>

- (a) the vendor does not claim the rebate within four years from the effective date of the vendor's write-off of the unpaid amount as a bad debt;
- (b) the vendor is entitled to offset the unpaid amount against an amount payable by the vendor to the purchaser;
- (c) the vendor has assigned, without recourse and for consideration, other than for security purposes, part or all of the unpaid amount; or
- (d) the payment for the purchase was made through the use of a credit card that is not issued by the vendor.

(3) The tax that may be rebated to a vendor under this section shall be determined in accordance with the following formula: Calculation of rebate

$$\text{Rebate} = A \times B/C$$

where,

A is the tax remitted by the vendor with respect to the sale of goods to the purchaser;

B is the unpaid amount payable to the vendor less all amounts, if any, required by subsection (4) to be deducted from the unpaid amount for the purposes of determining the amount of the rebate of tax under this section; and

C is the total amount that was payable in respect of the sale, including any federal excise and sales taxes and the amount of tax imposed by the Act.

(4) For the purposes of determining the amount of a rebate of tax under this section in respect of an unpaid amount payable to a vendor, the following amounts, to the extent they are applicable, shall be deducted from the unpaid amount: Deductions from unpaid amount

- (a) all interest, finance, carrying, collection or similar charges imposed by the vendor with respect to the sale, except to the extent the charges form part of the fair value of the goods sold by the vendor for the purposes of determining the amount of tax payable under the Act in respect of the sale;
- (b) all proceeds of sale received by the vendor on any repossession and resale of the property on account of the unpaid amount;
- (c) all amounts received by the vendor on the realization of any security given to secure the unpaid amount payable to the vendor;
- (d) if the goods sold by the vendor to the purchaser are repossessed and leased by the vendor or are taken out of inventory and used by the vendor or by others at the vendor's expense, the fair value of the goods at the time of the leasing or change in use.

(5) The following rules apply for the purposes of claiming a rebate of tax under this section: Rules governing claims for rebate

- (a) the vendor may claim only one rebate under this section in respect of a sale;
- (b) the vendor may claim the rebate by making an adjustment to the vendor's tax liability account for the amount of the rebate claimed;
- (c) the vendor shall make only one adjustment to the vendor's tax liability account during any 12-month period for all claims for rebate of tax under this section, unless the vendor has applied in writing to the Commissioner for consent to make an additional adjustment and the Commissioner has consented to the making of the additional adjustment to the account;
- (d) the vendor shall retain in the vendor's records sufficient information and documentation to permit the verification to the satisfaction of the Commissioner of the correct amount of the tax rebate.

Repayment of
rebate

(6) If, after claiming a rebate of tax under this section, a vendor recovers from any person or through any means, other than a rebate under this section, any of the unpaid amount payable to the vendor in respect of which the rebate of tax was claimed, the vendor shall repay to the Minister by way of adjustment to the vendor's tax liability account the same percentage of the rebate made under this section that the amount recovered by the vendor is of the amount designated as "B" in the formula in subsection (3) in respect of the unpaid amount.

Idem

(7) For the purposes of subsection (6), the repossession of goods and the sale or use by the vendor or by others at the vendor's expense of the repossessed goods shall be considered to be a recovery of part or all of the unpaid amount payable to the vendor in respect of the sale of the goods to the extent of the lesser of the unpaid amount and,

- (a) the proceeds from the sale, if the repossessed goods are the subject of a resale; or
- (b) the fair value of the goods if the repossessed goods are used by the vendor or by others at the vendor's expense. (EC407/93; 185/08)

PART II

TOBACCO TAX

Act, defined

9. In this Part, "Act" means the *Tobacco Tax Act* R.S.P.E.I. 1988, Cap. T-3.11 and other terms such as "consumer", "retail licensed vendor" and "licensed wholesale vendor" have the same meaning as set out in that Act. (EC390/91; 148/08)

Allowance for
commission

10. (1) The Minister shall allow a licensed wholesale vendor a commission for collecting and remitting the tax to the Minister equivalent to one point five per cent of the amount of the tax collected

and remitted by the licensed wholesale vendor, to a maximum of \$12,000 in respect of each fiscal year of the province.

(2) The Minister may refuse to allow a licensed wholesale vendor the commission provided by subsection (1) where the Minister is satisfied that the wholesale vendor has failed to make a return as required under section 11. (EC390/91; 148/08) Disallowance of commission

11. (1) On or before the fifteenth day of each month a licensed wholesale vendor shall file a return with the Commissioner, in a form approved by the Commissioner, reporting all sales of tobacco made by the licensed wholesale vendor during the calendar month immediately preceding and shall remit to the Minister the tax collected during the period. Returns

(2) Notwithstanding subsection (1), a licensed wholesale vendor shall, at any time required by the Commissioner, file a return reporting all sales of tobacco made by the licensed wholesale vendor covering such period as the Commissioner may determine, and shall therewith remit to the Minister the tax collected during that period. Idem

(3) Unless a consolidated return has been approved by the Commissioner, every licensed wholesale vendor shall make a separate return under this section for each place of business operated by the licensed wholesale vendor. Idem

(4) Where a licensed wholesale vendor is required to file a return reporting the sales of tobacco and no sales of tobacco are made during the period for which the return is required to be filed, the licensed wholesale vendor shall make a return setting forth that fact. (EC390/91; 208/94; 148/08) Idem

12. When a licensed wholesale vendor disposes of or discontinues business, the licensed wholesale vendor must, within ten days thereafter, file a return reporting the sales of tobacco made during the unreported period for which the return is required to be filed, and remit any tax collected. (EC390/91; 148/08) Disposal of or discontinuance of business

13. Revoked by EC148/08. (EC390/91; 148/08) Disposal of business

PART III

GENERAL

14. For the purposes of subsections 16(1) and (2) of the *Revenue Administration Act* the prescribed rate of interest is 1.5 per cent per month. (EC390/91) Rate of interest

Penalty	14.1 The penalty that may be levied pursuant to subsection 21(4) of the Act for the issue of a non-negotiable cheque is \$35 in respect of each cheque issued. (EC274/94)
Prescribed forms	15. The forms set out in the Schedule are prescribed. (EC390/91)
Notices of assessment	15.1 The Minister may by notice published in the Gazette designate any officer of the Provincial Treasury to issue and sign notices of assessment and exercise the powers of the Commissioner pursuant to section 3 of the <i>Revenue Administration Act</i> . (EC506/95)
Assessments, back taxes	15.2 In making an assessment pursuant to the <i>Revenue Administration Act</i> , the Commissioner shall not consider a period prior to the sixty months immediately preceding the month in which the assessment is made, except <ul style="list-style-type: none"> (a) with respect to a sale or purchase of goods recorded in the books of account of the taxpayer during the sixty month period immediately preceding the month in which the assessment is made and the delivery of these goods took place prior to that period; or (b) where there is a reasonable appearance of wilful default or fraud to the Commissioner. (EC464/03)
Amendments	16. Consequentials. (EC390/91)
Waiver - extraordinary circumstances	17. (1) Any penalty or interest assessed against a taxpayer may be waived by the Commissioner where the penalty or interest results from non-compliance by the taxpayer with the <i>Revenue Administration Act</i> or a revenue Act, or any regulations made thereunder, as a result of one or more of the following extraordinary circumstances: <ul style="list-style-type: none"> (a) a natural disaster such as a flood, fire or storm; (b) a personal tragedy such as the serious illness or death of, or in the family of <ul style="list-style-type: none"> (i) a taxpayer, or (ii) a person who oversees and ensures a taxpayer's compliance with the <i>Revenue Administration Act</i> or a revenue Act, or any regulations made thereunder; (c) the theft or vandalism of records; or (d) a civil disturbance.
Waiver - administrative error or delay	(2) Any penalty or interest assessed against a taxpayer may be waived by the Commissioner where the assessment is the result of any of the following administrative errors or delays by the Commissioner: <ul style="list-style-type: none"> (a) a delay in processing returns that results in a lengthy delay in informing the taxpayer of amounts owing; (b) incorrect written information being provided to the taxpayer;

- (c) an unreasonable delay in providing required information to the taxpayer;
- (d) an error in materials prepared and distributed by the Commissioner to the general public; or
- (e) a change in the interpretation of the *Revenue Administration Act* or a revenue Act, or any regulations made thereunder, after a tax return has been filed by a taxpayer based on a prior interpretation of the *Revenue Administration Act* or a revenue Act, or any regulations made thereunder.

(3) The decision of the Commissioner on the waiver of any penalty or interest pursuant to this section is final and is not subject to objection or appeal. (EC185/00) Decision on waiver

18. (1) An application under subsection 19(1) or 19(5) of the *Revenue Administration Act* for a refund of an amount paid as tax shall be made, in writing, to the Commissioner and shall include Refund

- (a) the reason for requesting the refund; and
- (b) such information or documents, including invoices and receipts, as the Commissioner may require, respecting the payment of the amount of tax for which the refund is requested.

(2) Any information or documents required by the Commissioner in respect of an application under subsection (1) shall be provided or presented by the applicant in such form or manner as the Commissioner may require. (EC292/03) Form

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Revenue Administration Act
Regulations

Updated 2011

**SCHEDULE
FORM 1
NOTICE OF OBJECTION**

Revoked by (EC197/11)

(EC390/91; 197/11)

**FORM 2
NOTICE OF APPEAL**

Revoked by (EC197/11)

(EC390/91; 197/11)

**FORM 3
APPLICATION FOR LICENSE TO WHOLESALE TOBACCO**

Revoked by (EC292/03)

FORM 4
APPLICATION FOR LICENSE TO RETAIL TOBACCO

Revoked by (EC292/03)

FORM 5
LICENSE - TOBACCO VENDOR

Revoked by (EC292/03)