



February 23, 2021

<business name>

<address>

Dear Recipient:

I am writing to provide an update on the Ministry of Finance's Tobacco and Fuel Tax Exemption Simplification Project.

The Tobacco and Fuel Tax Exemption Simplification (TAFT) Project is a multi-year project to modernize and replace the current paper-based process used to deliver tobacco and fuel tax exemptions to eligible First Nations customers with an electronic point of sale verification and documentation system.

### **Engagement and Communication**

In January 2020 the ministry, with assistance from Indigenuity Consulting Group Ltd. (Indigenuity), initiated engagement with B.C. First Nations and on-reserve retailers who sell tax-exempt tobacco and fuel. B.C. First Nations were provided with information about the project and its goals. Retailers, including First Nations retailers, were contacted by letter and invited to participate in an online survey.

The survey sought feedback about transitioning to an electronic system and asked questions related to current practices around tobacco and fuel tax exempt purchases. The survey was followed-up in the spring of 2020 with telephone interviews with certain retailers to clarify information.

A total of 76 authorized retailers completed the survey and 37 participated in the follow-up telephone interviews. Most of the retailers who responded were from rural areas of the province (72%) and managed their operations out of a traditional retail setting (66%).

Some key takeaways from the survey and interviews were:

- Over half (63%) of respondents said an electronic system would make mandatory tax-exempt reporting easier, 22% were neutral and only 15% said it would not make reporting easier. A similar distribution of responses applied to the question of whether an electronic system would be more convenient for customers.
- Many larger retailers said that eliminating paper tracking would be beneficial, although some did suggest that customers may not be open to a change in process and that a change could slow down transaction time.

- A majority of medium and larger-sized tobacco retailers are open to the prospect of a new electronic tracking and filing system.
- A number of smaller tobacco retailers felt that an electronic system would be too onerous for their operations. Some suggested that paper tracking was faster and more efficient.
- Some of the concerns raised about moving to an electronic system included concerns around cost, internet and power connectivity, maintenance and customer conflicts.

More details from the engagement, including a report of all results, can found online at our new project website. To access the website, go to [gov.bc.ca/salestaxes](http://gov.bc.ca/salestaxes) and click on Tobacco and Fuel Tax Exemption Simplification Project. You can subscribe for alerts when new information and project updates are posted. If you prefer to receive information by mail, please contact us and we will send you a copy of any update information.

### **Next Steps**

We're working with AppsOn Time Technologies Ltd. (AOT Technologies) to begin developing the new electronic system. AOT Technologies will be working closely with the ministry and Indigenuity to engage with retailers and customers as development continues.

We are seeking volunteers to participate in virtual or phone sessions with the development team. More information will be posted on the website in the coming weeks, but I also encourage you to reach out if you may be interested in participating.

All information and suggestions received during the engagement process are a valued and important part of the project and will be considered and incorporated during the development of the system.

For further information, or to participate in upcoming discussions with the development team, please contact Janis Brooks at Indigenuity Consulting Group, by email at [janis@indigenuity.ca](mailto:janis@indigenuity.ca) or by phone at 250 701-3544.

You may also reach out directly to either me or Kevin Harrison, Manager, Tobacco Tax, by email at [Kevin.Harrison@gov.bc.ca](mailto:Kevin.Harrison@gov.bc.ca) or by telephone at 778 698-9570.

Yours truly,

Michelle Lee  
Executive Director, Consumer Taxation Programs Branch  
Ministry of Finance