

February 4, 2010

Ontario Tire Stewardship
405 The West Mall, Suite 500
Toronto, Ontario
M9C 5K7

Re: OTS Position regarding GST on Allowances and Incentives paid under the Ontario Used Tires Program

Dear Registered Collector / Hauler / Processor / Recycled Product Manufacturer,

The purpose of this letter is to provide clarification regarding the position of Ontario Tire Stewardship (OTS) on the taxable status of the Allowances and Incentives paid out under the approved program plan.

It is the position of OTS that the Collection Allowance, Transportation Incentive, Processing Incentive and Manufacturing Incentive paid out under the approved plan are not subject to GST and so OTS is not currently paying GST on the payments to stakeholders. This position is consistent with rulings provided by the Canada Revenue Agency (CRA) to tire stewardship programs in other jurisdictions. OTS is currently working with the CRA to obtain a ruling specific to the Ontario Tire Stewardship program.

While in is the position of OTS that it is reasonable to rely on the rulings provided to other jurisdictions we do recognize that Collectors, Haulers, Processors, and Recycled Product Manufacturers registered with OTS and receiving Allowances and incentives may face questions from the CRA about their tax filings relating to GST remittances. We would encourage you to direct these questions to OTS so we may manage the discussions through one channel as opposed to each stakeholder having to explain the argument on their own. Questions from CRA should be directed to myself either by phone at 416-626-9185, or by e-mail at ahorsman@ontariots.ca.

Should the CRA rule that the allowances and incentives paid out under the approved plan are subject to the GST OTS will endeavor to work with the CRA to ensure that the appropriate taxes owing are paid directly.

As OTS continues discussions with the CRA we will update the stakeholder community. In addition please check the OTS website at www.ontarioTS.ca for additional Program information posted from time to time. As always general questions may directed to OTS at info@ontarioTS.ca or call us at 1-888-OTS-2202.

Regards,



Andrew Horsman
Executive Director