

BUYERS ZERO-RATING PROGRAM TIP SHEET

THE ZERO-RATING PROGRAM

What is the Zero-Rating Program?

The Zero-Rating Program was established in 1999 to permit media, (CD-R Audio, CD-RW Audio, audiocassettes and MiniDiscs and in September 2003 CD-R and CD-RW) otherwise subject to private copying royalties (the “levy”), to be purchased “zero-rated” or levy free by end-users. As of January 1 2010, audiocassettes are not subject to the private copying levy and the requirements of the Zero-Rating Program do not apply to the purchase and sale of blank audiocassettes from January 1 2010 onward. As of January 1 2011, MiniDiscs are not subject to the private copying levy and the requirements of the Zero-Rating Program do not apply to the purchase and sale of blank MiniDiscs from January 1 2011 onward. The program is only available to businesses or organizations, such as:

- educational institutions
- broadcasters
- law enforcement agencies
- advertising agencies
- the music, film and video industries
- courts, tribunals and court reporters
- religious organizations
- telemarketing firms
- software companies
- duplication facilities
- medical institutions
- technology companies
- conference and training companies
- governments
- other firms duplicating audio and data for business use.

Please note that this list refers to end-users, or Buyers, of zero-rated media.

BUYERS' CERTIFICATE NUMBER

Buyers of zero-rated media are required to be certified *in advance* by the CPCC and must purchase media from a CPCC-authorized seller called a Distributor. Sellers/distributors are

also required to be certified *in advance* by the CPCC in order to sell to CPCC-authorized buyers.

What does a Buyers' certificate number allow you to do?

If you have received a Buyers' Certificate Number, your organization may use this number to purchase blank media, without paying the levy, from sellers, called Distributors, that are registered in the Zero-Rating Program. The media must be used by your organization and cannot be distributed blank to individuals or other organizations. A list of registered Distributors can be found on the CPCC web site:

http://cpcc.ca/zrtz/public/faq.cgi?_lang=EN&_q=C01

Does having a Buyers' Certificate Number allow you to copy music for commercial purposes?

No.

A Buyers' Certificate Number, by itself, does not allow you to use blank media for the purpose of copying of music. Please see section 5 of your Buyers' Zero-Rating Agreement. You may copy music onto blank media for commercial purposes only if you have authorization from the rights holders to do so.

Does having a Buyers' Certificate Number allow you to sell blank media levy-free?

No.

In order to sell media levy-free, or zero-rated, you must have a valid Distributor or Special Distributor certificate number. **If you sell blank media purchased with your Buyers' Certificate Number, you will be responsible for reporting and paying the levy on the media to the CPCC.**

How do I report leviable sales or dispositions?

Reports and payments for leviable sales or dispositions must be submitted to the CPCC on a bi-monthly basis. Please contact the CPCC or see section 8 of the *Private Copying Tariff* for information on reporting requirements. A PDF of the current reporting form may be downloaded from the CPCC website.

Once you have a Buyers' Certificate Number, do you need to renew it?

Yes.

Please note that all Buyers' Certificate Numbers **expire after one year**. Please ensure that you renew your Buyers' Certificate Number each year so that it remains current.

How do you renew a Buyers' Certificate Number?

Prior to your number's expiry date the CPCC will send you email reminders containing information on how to renew. Using the link provided in the emails, you must report all purchases made using your Buyers' Certificate Number in the preceding year. You can then renew your Buyers' Certificate number.

Can my Buyers' Certificate Number be cancelled prior to the expiry date?

Yes.

Should your company be found to be in violation of any term of the Buyers' Zero-Rating Agreement, the CPCC may terminate your Agreement and your Buyers' Certificate Number. Please see section 9 of the Buyers' Zero-Rating Agreement.

If you do not have a Buyers' Certificate Number, can you purchase media levy-free?

No.

If you do not have a Buyers' Certificate Number under the Zero-Rating Program, and your organization does not represent the perceptually disabled, you **may not** purchase blank media zero-rated or levy-free. Please see <http://cpcc.ca/english/zeroRating.htm> to apply for a Buyers' Certificate number.

AUDITS

Am I subject to the audit provisions under the Tariff?

Yes.

You can be audited by the CPCC to ensure that you are accurately reporting your zero-rated purchases and to ensure that all media purchased are being used internally. Buyers are

subject to the CPCC's right of audit by virtue of the Zero-Rating Agreement. Please see section 7 of the Buyers' Agreement. If the auditors determine that Buyers have sold media purchased within the Zero-Rating program blank, you will be required to remit the levies to the CPCC for each unit sold.

As a Buyer, can I be invoiced for the cost of an audit?

Yes.

If an audit discloses that you failed to report to CPCC any sale of Zero-Rated Media purchased or otherwise acquired during the Term, you will be responsible for paying the costs of the audit. Please see section 7 of the Buyers' Agreement.

What records are Buyers required to keep?

Buyers are required to maintain records, for at least two (2) years from the date of the purchase or acquisition, that are sufficient for the CPCC to confirm the validity of the zero-rated transaction. Such records include purchase receipts of the zero-rated media, the name of the Distributor, the date of the purchase or acquisition, and the type and quantity of zero-rated media purchased. Please see section 7 of the Buyers' Agreement.