

# BC Liquor Distribution Branch

**New payment remittance model  
for BC Commercial Wineries**

**Webinar 2: January 31, 2018**



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# Agenda

- The purpose of this briefing is to provide further information related to the new payment remittance model and the timelines for future communication and implementation.



# Purpose Recap:

- The LDB is changing the remittance process for all BC commercial wineries.
- The goal of the new model is to help improve your cash flow and streamline the processes.
- The purpose of the webinar is to equip you with the essential tools and information to ensure a smooth transition for your business.

# New Process Recap

- Only the mark-up, plus GST, and container deposits, and container recycling fees (if applicable) will be withdrawn – no longer will you be remitting the gross sale amount.
- You will no longer deposit all sales proceeds in the LDB's bank account, which will be closed.
- Remittance of the amount due will be withdrawn from your bank account, under your pre-authorized debit (PAD) agreement. All sales after March 3, 2018 will be under the new model.



# The Mechanics

## Current Process

Day 1

Winery reports sales through DSWR and deposits sales into LDB bank account

Day 30

30 days later LDB reimburses winery supplier cost (duty paid cost)

Day 45+

If applicable LDB reimburses winery:

- 7% commission on wholesale price; or
- BCVQA reimbursement

## New Process

Day 1

Winery reports sales through DSWR

Day 5

LDB withdraws mark-up and applicable taxes and fees owing from the winery's PAD bank account.

Winery retains supplier cost, and if applicable, BCVQA reimbursement or commission.

### Key benefits:

- Improve wineries' cash-flow
- Speed up VQA and commission payment
- A more modern, stream-lined process



# New Payment Remittance Model

- Gross sales amount will no longer be deposited into the LDB's bank account.
- Mark-up, container deposits, container recycling fees (if applicable) and applicable taxes will be collected from your designated bank account.
- Commission and VQA reimbursement payment amounts will be applied against what is owing to the LDB.
- LDB will set up a Pre-Authorized Debit (PAD) agreement with each commercial winery prior to transition.
- The amount due will be withdrawn from your bank account under your PAD agreement.
- You will continue reporting your sales weekly through Direct Sales Web Reporting (DSWR).



# Direct Sales Web Reporting (DSWR) Changes

## **SKU Restriction**

- Only SKU's associated with your supplier number can be reported

## **Quantity warning**

- You will receive a warning message for quantities over 9999 to confirm that you are not entering the SKU in the quantity field. Please make sure to review the final total 'Batch Summary Amount' before you submit your batch.

## **Duplicate invoices**

- Duplicate invoices will not be processed and will appear as DELTA errors. (Errors will need to be corrected and re-submitted)

## **NIL reporting**

- If you have no sales in any reporting week, you may now submit a NIL batch using DSWR as per your agreement.



# Manufacturer Agreement Changes:

## **New remittance changes**

- Pre-authorized debit requirement
- Payment process – net sales proceeds payable to the LDB
- Increased transparency for non-compliance

## **Manufacturer on-site store (MOS) and off-site store**

- Transfers from the manufacturing facility can now be transferred via consignment. The sale is to be reported when the final sale occurs to the counter customer

## **Reporting on donations, tasting and providing employee products**

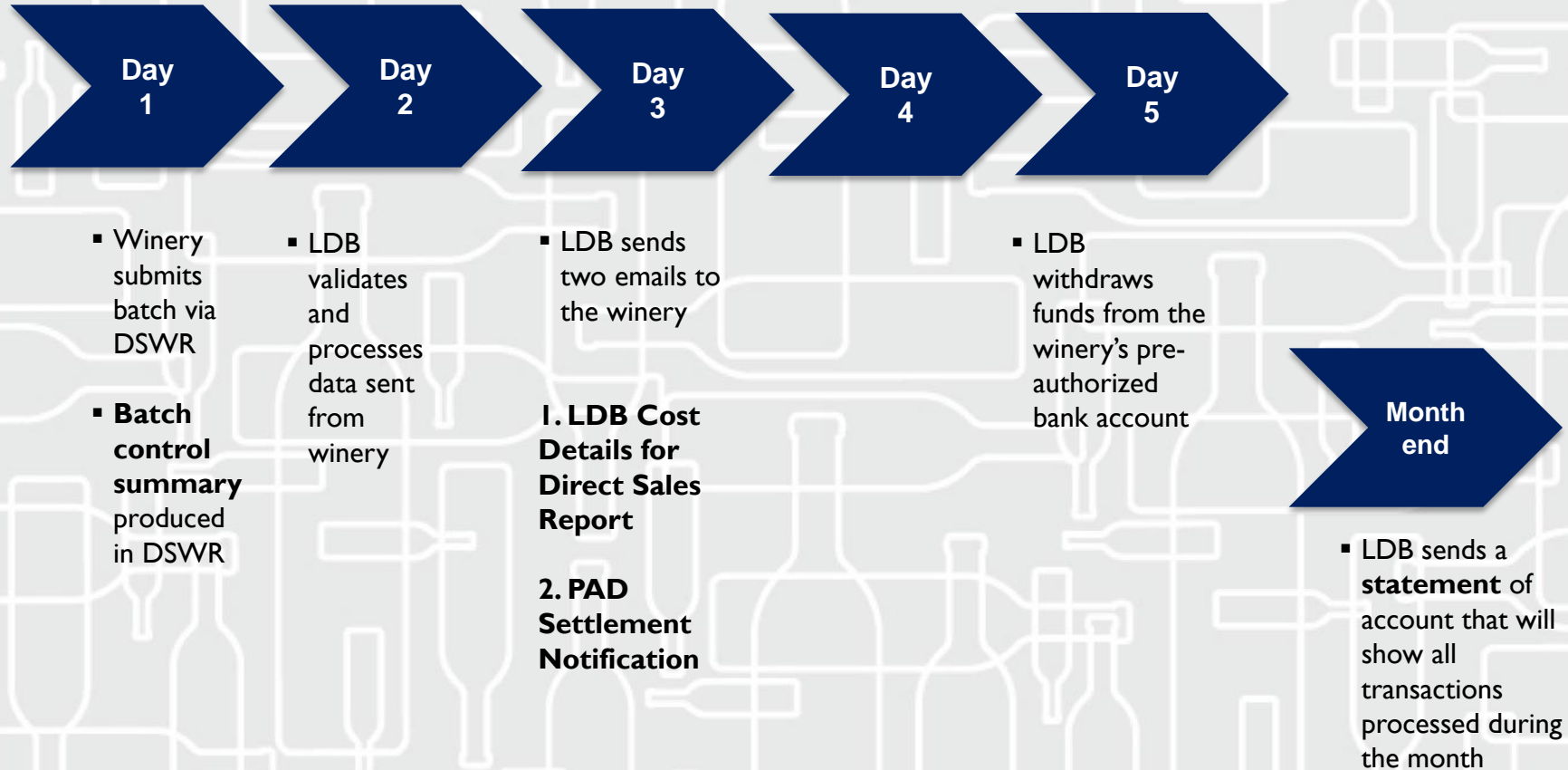
- Donations, tasting and providing employee products needs to be reported as a wholesale sale to the MOS regardless is you have an MOS endorsement

## **Other minor changes to the agreement**





# New Process Timelines



# How it Works Example:

- As today, you can produce a Batch Control Summary from DSWR
- This summarizes the sales and returns that you have reported for the batch in DSWR.



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## Batch Control Summary

HAPPY WINERY CAS # 1859  
4321 Bell Way, Fort Nelson  
VDC 0A1, BC

BATCH DATE: 12/21/2017 BATCH NUMBER: 4769 BATCH STATUS: Submitted

Number of Documents in this Batch 2

DOCUMENT TYPE	NO. of DOCS	VALUE
Sales	1	\$ 940.09
Customer Returns	1	-\$ 78.44
<b>Subtotal</b>	<b>2</b>	<b>\$ 861.65</b>
<b>Total</b>	<b>2</b>	<b>\$ 861.65</b>

\* If amount is negative it will be deducted from your next payment.

\* You can download detailed batch information in CSV format from the Document Search Page

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# How it Works – Cont'd

- LDB Cost Details for Direct Sales Report (.csv)

- This details the Sales and Returns of the batch, including:

- Cost of goods
- Commission payment, if applicable
- BC VQA mark-up, if applicable
- Associated GST

From: PDAuto-Notifications@bddb.com  
 Sent: Friday, December 22, 2017 1:04 PM  
 To: HAPPY WINERY  
 Subject: LDB Cost Details for Direct Sales report batch 1859 2017-12-21

This is an auto-generated email. Please do not reply to this email.

The attachment contains the purchase details for the sales of products reported by you in Direct Sales Web Reporting (DSWR) in the batch dated 21-DEC-17. Please use this report for reconciliation purposes.

Note: This amount will be reflected in the Cost of Sales and Returns line on your PAD Settlement Notification. If you have concerns, please contact Settlement Support as soon as possible at 604.252.3383 or at [PD.Settlement.Support@bddb.com](mailto:PD.Settlement.Support@bddb.com) and reference the attached file name.

DSWR batch: 21-DEC-2017  
 Store #: 1859  
 Vendor: HAPPY WINERY  
 Vendor ID: 3830885  
 Vendor Site: DD  
 File Name: LDB\_Cost\_Details\_for\_Direct\_Sales\_Report\_batch\_1859\_20171221.csv  
 Report Total: \$644.78

Order Type	Order Number	Store	Transaction Date	Batch Date	SKU	Product	Size	Supplier ID	Quantity	Cost	GST	Container Deposit	Customer Type	BC VQA Reimbursement and/or Commission Payment	BC VQA Reimbursement and/or Commission Payment Invoice	Price	Commission (%)	Commission Payment	BC VQA SKU Eligibility	Container Recycling Fee (CRF)	BC VQA Reimbursement, excluding CRF	GST on BC VQA Reimbursement /	Total
Direct Sales	200	1859	18-Dec-17	21-Dec-17	154099	HAPPY WINERY - JOLLY SPRIT	0.36	12834	9.00	33.10	1.66	0	LRS	Y	CDM-4807081	57.63	7	4.04	N			0.20	39.00
Direct Sales	200	1859	18-Dec-17	21-Dec-17	154091	HAPPY WINERY - CHARDONNIA	0.75	12834	13.00	150.84	7.54	0	LRS	Y	VQA-4807082	263.90			Y	1.43	111.63	5.58	275.59
Direct Sales	200	1859	18-Dec-17	21-Dec-17	154102	HAPPY WINERY - APPLE CIDER	0.36	12834	17.00	65.37	3.27	0	LRS	Y	CDM-4807081	113.90	7	7.97	N			0.40	77.01
Direct Sales	200	1859	18-Dec-17	21-Dec-17	154094	HAPPY WINERY - ROSE BLEND	0.75	12834	22.00	255.27	12.76	0	LRS	Y	CDM-4807081	446.60	7	31.26	N			1.56	300.85
Customer Return	201	1859	18-Dec-17	21-Dec-17	154099	HAPPY WINERY - JOLLY SPRIT	0.36	12834	-11.00	-40.46	-2.02	0	LRS	Y	CDM-4807081	-70.51	7.00	-4.94	N			-0.25	-47.67
									50.00	464.12	23.21	0							38.33		111.63	7.49	644.78



# How it Works – Cont'd



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2625 Rupert Street  
Vancouver, BC V5M 3T5  
GST Reg No. 12454-2954-RT0001

**PRE-AUTHORIZED DEBIT (PAD)  
SETTLEMENT  
NOTIFICATION**

**To: 300500 HAPPY WINERY**  
CAS#1859  
4321 BELL WAY  
FORT NELSON, BC V0C 0A1 Canada

**Customer Account No.: 93737**

**Batch Date: 2017-12-21**  
**Notification No.: 200000892**  
**PAD Date: 2017-12-26**

**RE: Settlement Notification for Store 1859, Batch date 2017-12-21**

**Description of Charge:**

1	Sales and Returns of packaged products	861.65
2	Cost of Sales and Returns	<487.33>
3	Commission payment	<40.24>
4	VQA Markup reimbursement	<117.21>

**Total due from this notification CAD \$ 216.87**

**Notes:**

For any questions please contact Settlement Support as soon as possible at telephone number: 604.252.3383 or at email address [ldbittest@bcldb.com](mailto:ldbittest@bcldb.com)

From: PDAuto-Notifications@bcldb.com  
Sent: Friday, December 22, 2017 1:06 PM  
To: HAPPY WINERY  
Subject: LDB Pre-Authorized Debit (PAD) Settlement Notification for: 300500 HAPPY WINERY 1859 2017-12-21

This is an auto-generated notice to advise you of an upcoming charge to your bank account as per your PAD Agreement with the LDB.

The sales you have reported for Store 1859 have been processed. Attached is the Settlement Notification for this batch.

Batch Date: 2017-12-21  
Notification No. 200000892  
Settlement Amount: \$ 216.87

This amount will be withdrawn from the bank account designated in your PAD Agreement on 2017-12-26. Please ensure the funds are available.

This amount applies only to sales reported under this batch, and does not include credits or other previous charges owed. You will receive a Statement of Account listing all transactions on your account at month end.

Please do not reply to this email. If you have concerns, please contact Settlement Support as soon as possible at telephone number 604.252.3383 or at email address [PD.Settlement.Support@bcldb.com](mailto:PD.Settlement.Support@bcldb.com) and reference the subject line of this email.

- LDB Pre-authorized Debit (PAD) Settlement Notification (.pdf file)
- Sales and returns (as shown on the DSWR Batch Control Summary;
- LESS
  - Cost of Sales and Returns (including GST); and
  - Commission payment, if applicable (including GST); and
  - VQA mark-up re-imburement, if applicable (including GST)

## EQUALS


- Pre-authorized debit (PAD) Settlement amount (to be collected from your nominated bank account)



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# How it Works – Cont'd

- Every month a Statement of Account will be emailed to you
- This summarizes the Account Activities that have taken place over the month, and will assist you in your reconciliation

	<b>LIQUOR DISTRIBUTION BRANCH</b>	2625 Rupert Street Vancouver, BC V5M 3T5 GST Reg No. 12454-2954-RT0001	<b>STATEMENT OF ACCOUNT</b> Customer Account No.: 93737 Statement As Of: 2017-12-31 Page: 1 of 1													
<b>To: 300500 HAPPY WINERY</b> CAS#1859 4321 BELL WAY FORT NELSON, BC V0C 0A1 Canada																
<b>Account Activities</b>																
Transaction No.	Transaction Date	Transaction Type	Due Date	Reference(s)	Original Amount	Amount Due										
200000904	2017-12-19	Credit Settlement	2017-12-19	Batch 2017-12-19 Store 1859	-67.72	-67.72										
200000912	2017-12-21	Credit Settlement	2017-12-21	Batch 2017-12-21 Store 1859	-67.72	-67.72										
<b>Total Outstanding CAD \$</b>						<b>-135.44</b>										
<table border="1"><thead><tr><th>Current</th><th>1-30 Days</th><th>31-60 Days</th><th>61-90 Days</th><th>Over 90 Days</th></tr></thead><tbody><tr><td>0.00</td><td>-135.44</td><td>0.00</td><td>0.00</td><td>0.00</td></tr></tbody></table>							Current	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	0.00	-135.44	0.00	0.00	0.00
Current	1-30 Days	31-60 Days	61-90 Days	Over 90 Days												
0.00	-135.44	0.00	0.00	0.00												
<b>Payment Activities</b>																
Transaction No.	Transaction Date	Transaction Type	Due Date	Reference(s)	Original Amount	Amount Applied										
200000890	2017-12-19	Settlement	2017-12-25	Batch 2017-12-19 Store 1859	272.87	272.87										
1454982	2017-12-21	Receipt	2017-12-21			272.87										
<b>Pre-Authorized Debit Total Receipt \$</b>						<b>272.87</b>										
200000892	2017-12-21	Settlement	2017-12-26	Batch 2017-12-21 Store 1859	216.87	216.87										
1454984	2017-12-22	Receipt	2017-12-22			216.87										
<b>Pre-Authorized Debit Total Receipt \$</b>						<b>216.87</b>										



# How it Works Example:

## **Current Process (Commercial winery reports and deposits all sales to LDB)**

### **Total sales reported in Direct Sales Web Reporting (DSWR) and deposited in the LDB account (Non-VQA) (750ml bottle)**

\$7.32 – Sales (Includes container recycling fees)  
+\$0.37 – GST  
+\$0.10 – Container deposits  
**= \$7.79 – Total sales deposited into the LDB bank account**

### **LDB reimburses the winery the supplier's cost and commission**

\$3.81 – Supplier cost of the product (Duty Paid Cost)  
+\$0.19 – GST  
**= \$4.00 – LDB pays 15-30 days after reported**

\$0.51 – 7% – Commission payment on wholesale price  
+\$0.03 – GST  
**= \$0.54 – Total commission payment – Paid once a month**

**= \$4.54 – Total payments made to Winery**

# How it Works – Cont'd

## New Process (Wineries report all sales but do not deposit)

### Total sales reported in Direct Sales Web Reporting (DSWR) – (Non-VQA) (750ml bottle)

\$7.32 – Sales (Includes container recycling fees)  
+\$0.37 – GST  
+\$0.10 – Container deposits  
**=\$7.79**

→ Total the winery reports  
to the LDB

### Total supplier cost payable by the LDB

\$3.81 – Supplier cost of the product (Duty Paid Cost)  
+\$0.19 – GST  
**=\$4.00**  
+\$0.51 – 7% Commission on wholesale price  
+\$0.03 – GST  
**=\$4.54**

→ Portion the winery keeps

### Summary

\$7.79 – Total sales payable by winery  
+\$4.54 – Total supplier cost payable by the LDB  
**=\$3.25** – Net amount to be withdrawn from winery's own bank account  
via Pre-Authorized Debit (PAD)

→ Portion the LDB collects  
from the winery

# How it Works Example:

## **Current Process (Commercial winery reports and deposits all sales to LDB)**

### **Total sales reported in Direct Sales Web Reporting (DSWR) and deposited in the LDB account (VQA) (750ml bottle)**

\$7.32 – Sales (Includes container recycling fees)  
+\$0.37 – GST  
+\$0.10 – Container deposits (CD)  
**=\$7.79 – Total sales deposited into the LDB bank account**

### **LDB reimburses the winery the supplier's cost + VQA reimbursement**

\$3.81 – Supplier cost of the product (Duty Paid Cost)  
+\$0.19 – GST  
**=\$4.00 – paid 15-30 days after reporting**

\$3.39 – VQA reimbursement  
+\$0.17 – GST  
**=\$3.56 – VQA reimbursement – paid once a month**

**=\$7.56 – total payment to manufacturer**



# How it Works – Cont'd

## New Process (Wineries report all sales but do not deposit)

### Total sales reported in Direct Sales Web Reporting (DSWR) – VQA

\$7.32 – Sales (Includes container recycling fees )  
+\$0.37 – GST  
+\$0.10 – Container deposits  
**=\$7.79**

→ Total the winery reports  
to the LDB

### Total supplier cost payable by the LDB

\$3.81 – Supplier cost of the product (Duty Paid Cost)  
+\$0.19 – GST  
=\$4.00  
+\$3.39 – VQA reimbursement  
+\$0.17 – GST  
**=\$7.56**

→ Portion the winery  
keeps

### Summary

\$7.79 – Total sales payable by winery  
+\$7.56 – Total supplier cost payable by the LDB  
**=\$0.23** – Net amount of CD and CRF + GST on CRF to be withdrawn from winery's own bank account  
via Pre-Authorized Debit (PAD)

→ Portion the LDB collects  
from the winery

# Key Transition Dates

## Current model

		PERIOD 11							
		SUN	MON	TUE	WED	THU	FRI	SAT	
FEBRUARY		11	12	13	14	15	16	17	
		18	19	20	21	22	23	24	
		25	26	27	28				
MARCH						1	2	3	
	PERIOD 12								
		4	5	6	7	8	9	10	
		11	12	13	14	15	16	17	
		18	19	20	21	22	23	24	
		+							

### Key dates: Private Distributor requirement

FROM NOW	Ensure balances owed under the old model are paid / up-to-date.
Mar-03	Last batch date for batches to be reported (and proceeds to be remitted) under current model.
Mar-05	<u>Last submission date</u> for batches (dated March 3).

## Future model

		PERIOD 11							
		SUN	MON	TUE	WED	THU	FRI	SAT	
FEBRUARY		11	12	13	14	15	16	17	
		18	19	20	21	22	23	24	
		25	26	27	28				
MARCH						1	2	3	
	PERIOD 12								
		4	5	6	7	8	9	10	
		11	12	13	14	15	16	17	
		18	19	20	21	22	23	24	
		+							

### Key dates: Private Distributor requirement

Feb-21	Return executed PAD agreement to LDB by this date.
Mar 4-6	Batches cannot be dated or submitted in the new model over these days.
Mar-07	Earliest submission date, for batches to be reported (and remitted) under the new model. Note: transactions from March 4 will be reported in this batch.



# Important Timelines

- **Within the next couple of weeks**, you will receive an information package that will include a list of suggested steps to prepare for the change.
- Included in the information package will be a description of key amendments to your sales agreements.
- Also included will be your **PAD agreement**.
- Please ensure you return a completed PAD agreement as soon as possible, but no later than **February 21, 2018**.



# Your Questions

**Thank you for participating in today's webinar.**

- We will now go through any of the questions we have received from you about this program.
- You will receive a summary of this information by email following the webinar, as well as a Q&A document next week.
- Information can be found on the LDB website under :  
<http://www.bcldb.com/doing-business-ldb>
- If you have additional questions, please direct them to:  
[PD.Settlement.Support@bcldb.com](mailto:PD.Settlement.Support@bcldb.com) .