



Information on Supply of Equipment, Materials and Products Under the Liquor Control Act

This notice is intended to provide information respecting the supply of equipment, materials and products to liquor licensees by manufacturers of alcoholic beverages under the *Liquor Control Act* and regulations. This notice should not be regarded or relied upon as a legal interpretation of the Act. In all cases, the legislation should be reviewed to determine the proper application of the Act.

Authority

The authority for the supply of equipment, materials and products to licensees by manufacturers of alcoholic beverages is found in Sections 65 and 120 of the Act; Sections 3 and 4 of Regulation 93-94, and Section 17 of Regulation 84-265.

General Information

A manufacturer of alcoholic beverages may advertise in conjunction with a licensee. Therefore, an electric or an illuminated sign, a contrivance or a device primarily designed for advertising purposes, inside and outside the licensed premises can be the property of the manufacturer of alcoholic beverages or the licensee. **This does not include dispensing equipment (towers).**

A manufacturer of alcoholic beverages may not assist a licensee financially (see definition). Equipment, which is provided to a licensee by the manufacturer of alcoholic beverages, will become the licensee's property. The manufacturer of alcoholic beverages cannot have ongoing direct ownership of the property. Therefore, a one-time gift or donation of equipment is considered to be acceptable.

Financial assistance: *cash grants, capital shares, private agreements between brewer and licensee; but does not include an irrevocable gift of equipment to the licensee.*

The licensee must provide proof of ownership for the equipment upon request. A letter of understanding signed by the donor would be the minimum satisfactory proof of ownership accepted. The letter or memorandum should indicate what items have been given to the licensee, when the gift has been made, and confirming that the items were indeed a gift or

donation. Such a communication is not necessary for items considered advertising. A fax, a copy or the original of the letter or the memorandum is acceptable.

A manufacturer of alcoholic beverages cannot donate liquor to a licensee.

This notice does not apply to a manufacturer of alcoholic beverage's lounge or special facility licence adjacent to the principal manufacturing site.

Sales Tax Implication: *It is advised that the manufacturer and the licensee verify with Canada Customs and Revenue Agency, the Harmonized Sales Tax implications.*

Penalties

Violations under the *Liquor Control Act* could result in fines ranging from \$100.00 to \$25,000.00, suspension and/or revocation of the holders' licence to operate their place of business. Department of Public Safety Compliance Inspectors will visit locations to ensure compliance with legislation.

Inquiries:

For further information, please contact.

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