

Implementation of Changes to the Purchaser's Oil Valuation Compliance and Balancing Report

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	July 8, 2015		Initial Release

Audience: All Saskatchewan Users

Purpose: This tip is to inform SK Petrinex users that a copy of the Oil Valuation (OV) Non-compliance OVE003 errors that were previously only contained in the OV Royalty Tax Payer Compliance and Balancing Report will now be included in the Purchaser's monthly OV Compliance and Balancing Report effective July 8, 2015.

Background: Royalty Tax Payers (RTP's) are subject to this error, which relates to a valuation imbalance with respect to Price, and is currently a non-chargeable error.

As of the April 2015 processing month, there were 14,571 price-related OVE003 errors that have not been addressed by 110 BA's. The errors relate to every production month since Go-Live in March 2012. Approximately 400 new errors are being generated each month.

By design, only the Royalty Tax Payer has been aware of the OVE003 errors. Purchasers have not been notified when an OVE003 error exists even though it may require intervention by the Purchaser to correct the error. With the introduction of the Enhanced Valuation Audit Program (EVAP) in Saskatchewan, the Ministry of Economy (ECON) is not aware of any valid reason for prices to differ between a Royalty Tax Payer and Purchaser.

At a recent Saskatchewan Business Change Committee meeting, ECON suggested that the OVE003 error may need to be changed to a chargeable error. It was suggested at the meeting that many of these errors were not being cleaned up because the purchasers were not being made aware of the errors and that some sort of purchaser notification would improve compliance.

Key Messages:

To assist the Royalty Tax Payer reduce the number of OVE003 errors, a copy of the OVE003 error generated for a Royalty Tax Payer will now be included in the Purchaser's monthly OV Compliance and Balance Report effective July 8, 2015.

It is ECON's expectation that companies will review and address all outstanding OVE003 errors and that this change will significantly reduce the number of OVE003 errors on a go forward basis. If this initiative is not successful in significantly reducing these errors, ECON may need to consider alternative measures.

More information:

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