

Tasmanian Independent Retailers

Purchase Incentive Payment Program (PIP)



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Overview

The Purchase Incentive Program (PIP) was first introduced by Tasmanian Independent Retailers (TIR) in 1999.

The purpose of the PIP was to provide a financial benefit and reward to retailers that supported the TIR buying group and its respective trading divisions.

Since its launch the PIP has been subject to various reviews and amendments however the underlying principles of the program have not changed.

The PIP imposes no terms and conditions on the retailer as to how the funds distributed should be spent however TIR strongly recommends that all funds should be reinvested back into the business by way of a store refurbishment program or other means that will facilitate further growth and development within the store and for the independent grocery sector as a whole.

Retailer Eligibility

All retailers that purchase grocery products via the TIR buying group are eligible to participate in PIP program as provided by Tasmanian Independent Retailers subject to the program and terms conditions as contained in this policy document.

Rebate Tier Structure

A two tiered rebate structure applies to the PIP program as follows;

- Tier 1 – IGA retailers and Shareholders
- Tier 2 - Non IGA Retailers

Rebate Tier Structure Qualifications

To qualify for a Purchase Incentive Payment under Tier 1, the retailer must have, or continues to trade under the IGA brand and / or met the active membership requirements as per rule 8 of the Cooperative at;

- The date at which the payment is made, or
- At anytime during the period to which the current year Purchase Incentive Payment has been accrued.

All persons / entities that do not meet eligibility under the Tier 1 rebate structure will automatically be deemed eligible under the Tier 2 rebate structure.

The following rules apply where a retailers eligibility under either a Tier 1 or Tier 2 structure changes;

- Transfer from IGA Channel (Tier 1) to Independent Convenience Group (Tier 2)

Where an existing IGA retailer transfers from the IGA channel to the independent Convenience Group the PIP rebate for the current distribution period in which the transfer occurred will be based on the Tier 1 rebate structure whereas any subsequent PIP rebate will be based on the Tier 2 rebate structure.

- Transfer from Independent Convenience (Tier 2 to IGA Channel (Tier 1)

Where a retailer transfers from the Independent Convenience Group to the IGA channel structure the PIP rebate for the current distribution period in which the transfer occurred will be based on the Tier 1 rebate structure.

Trading Division Categories

The three trading division categories that attract a PIP rebate on eligible purchases include;

- SIW Grocery (Exc. Cigarettes)
- TIR Supplier Charge Through Facility (Direct Store Delivery (DSD) Grocery Suppliers Only)
- Island Fresh Produce (IGA Stores / Shareholders only)

Purchases Basis

The PIP is calculated on the basis of eligible purchases from the three trading divisions and multiplied by a set percentage for each respective rebate tier structure as follows;

Tier 1 – IGA Stores & Shareholders

SIW Grocery (Exc. Cigarettes) – 3.00%
 TIR Supplier Charge Through Facility – 2.50%
 Island Fresh Produce – 2.00%

Tier 2 – Non IGA Stores

SIW Grocery (Exc. Cigarettes) – 1.50%
 TIR Supplier Charge Through Facility – 1.50%

Tasmanian Independent Retailers will formally advise all retailers of the ensuing rebate percentages for future PIP distribution periods.

Distribution Periods

The PIP is calculated annually based on either a 52 or 53 week trading period on a July to June cycle.

The PIP is distributed annually to retailers on the second or third week of July, as notified in advance.

Taxation Implications

All distributions via the PIP program should be treated as a rebate from Tasmanian Independent Retailers and brought to account as income from an accounting / tax perspective.

All distributions from Tasmanian Independent Retailers will be subject to GST.

PIP Documentation

The following information will be provided to each retailer as part of any PIP distribution;

- Covering letter
- PIP Summary Advise
- RCTI (Recipient Created Tax Invoice)
- Cheque Payment, Electronic Funds Transfer Remittance or Account Credit Notification (where applicable)

PIP Withheld

A retailer's distribution from the PIP will be withheld by TIR if the retailer is outside of normal trading terms with any, or all of the three trading divisions as noted above.

Where this is the case any accrued PIP will be credited to the retailers' respective trading division account that is outside of normal terms.

Please note under this circumstance the retailer must still recognise the income from an accounting / tax perspective and remit the GST component of any PIP and as applied to the respective trading account.

PIP Forfeiture

A retailers' entitlement to participate in any Purchase Incentive Payment made by the Cooperative is automatically forfeited where

1. The retailers association with both the TIR and SIW is terminated in lieu of a subsequent supply / marketing arrangement from any competitor of the TIR, and
2. For any other reason that the CEO and Board of Directors deem appropriate.

Pro Rata Entitlements on PIP re Business Sale

Where there is a change of ownership of any IGA / Non IGA store the outgoing retailers accrued PIP will be disbursed within 60 days of the business sale date.

Dispute Resolution Procedures

Any disputes that may arise will be considered and a determination made by the Chief Executive Officer of Tasmanian Independent Retailers and the Chairman of the Board on behalf of the Directors of the group.

If this determination is not acceptable to the retailer the dispute will be referred to the Board of Directors of TIR whose decision will be final and binding upon all parties.

TIR Contact Details

All inquiries regarding the PIP should be directed to;

Daniel Milner
Financial Accountant / Company Secretary
Tasmanian Independent Retailers
Locked Bag 4
LAUNCESTON TAS 7250

Ph: 03 6391 0200
Fax: 03 6391 0299
Email: daniel.milner@igatas.com.au

Disclaimer

The Board of Directors of Tasmanian Independent Retailers reserves the right to amend this policy document at any time and further reserves the right to withhold or forfeit the payment to a retailer where its deems the application is outside of the terms and conditions of this policy document or not within the spirit of the Equipment Development Fund.

Where the policy document is amended a revised version will be forwarded to all eligible retailers within 21 days of any amendment/s being made.