



July 4, 2013

Mike Seeley
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Sandy, Utah
United States of America
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Your file Votre référence

Our file Notre référence

Subject: Approval to use the Network Sellers Method
Business Number 806491106

Further to your request of May 24, 2013, we are pleased to inform you that pursuant to subsection 178(5) of the *Excise Tax Act* (ETA), your business, LifeVantage Canada Ltd. has received approval to use the Network Sellers Method (NSM). This approval is effective July 4, 2013 and remains in effect until it is revoked by the Minister.

As an approved network seller, you have to use the NSM and the following rules will apply:

1. Goods and Services Tax/Harmonized Sales Tax (GST/HST) does not apply to a taxable service provided by a sales representative for which the sales representative receives a network commission from a network seller;
2. GST/HST does not apply to sales aids sold in Canada by a network seller or one of its sales representatives to another sales representative of the network seller;
3. GST/HST does not apply to host gifts given by a network seller or a sales representative to an individual for acting as a host however GST/HST applies to the sale of a host gift to a sales representative;
4. GST/HST continues to apply to sales of select products (other than zero-rated select products) by network sellers to consumers and others.

Your business, LifeVantage Canada Ltd. must notify its current and future sales representatives of the July 4, 2013 of the approval to use the NSM. This could be done by providing them with a copy of this letter or one prepared by you indicating the CRA's approval and the effective date of approval or by uploading a scanned copy of this approval on your organization's Web site.

LifeVantage Canada Ltd must keep a copy of this letter with its books and records. *You* must also keep evidence of the joint elections made with each sales representative and keep and maintain an up-to-date list or database containing the names of each sales representative with whom a joint election has been made, including the beginning and end dates of each election (that is, the date the election was made and the date the sales representative ceased its activities as a sales representative, if applicable).

For more information with respect to the NSM, see Info Sheet GI-052, *Direct Selling Industry – the Network Sellers Method for Network Sellers and Sales Representatives* available at <http://www.cra-arc.gc.ca/E/pub/gi/gi-052/gi-052-e.pdf>.

For information on books and records, see GST/HST Memoranda 15.1, *General Requirements for Books and Records* at <http://www.cra-arc.gc.ca/E/pub/gm/15-1/15-1-e.pdf> and 15.2, *Computerized Records* at <http://www.cra-arc.gc.ca/E/pub/gm/15-2/15-2-e.pdf>.

Should you require more information with respect to the NSM, please contact a GST/HST Rulings officer at 1-800-959-8287.

Sincerely,



Judy Harnett
Acting Assistant Director
Audit Division
Nova Scotia Tax Services Office