

2.0 MOTOR FUEL GUIDELINES AND PERMITS

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2.1 DEFINITIONS

“Base jurisdiction” in relation to a carrier, means the jurisdiction

- a) in which the carrier’s IFTA commercial vehicles are registered,
- b) from which control of the operations of those vehicles is exercised,
- c) where the operational records of those vehicles are maintained or can be made available, and
- d) within which at least some of those vehicles travel; (S.1(1) Motor Fuel Tax Regulations)

“Carrier” means a person that owns or operates one or more motor vehicles used interprovincially or interjurisdictionally for the commercial carriage of passengers or goods. (S.1 Motor Fuel Tax Act)

“Commercial motor vehicle” means a commercial vehicle as defined in the *Commercial Transport Act*; (S.1 Motor Fuel Tax Act)

“CVSE” means Commercial Vehicle Safety and Enforcement

“IFTA” means the International Fuel Tax Agreement; (S.1(1) Motor Fuel Tax Regulations)

“IFTA commercial vehicle” means a motor vehicle that is used interprovincially or internationally for the commercial carriage of passengers or goods and that

- a) has two (2) axles and either a gross vehicle weight or registered gross vehicle weight exceeding 11,800 kg,
- b) has three (3) or more axles regardless of weight, or
- c) when combined with the trailer with which it is used, has a gross vehicle weight exceeding 11,800 kg, but does not include a recreational vehicle. (S.1(2) Motor Fuel Tax Regulations)

“Inter-jurisdictional vehicle” means a vehicle that travels between two or more jurisdictions (provinces/states). (Bulletin MFT-CT 008)

“Motive fuel” means:

- a) diesel fuel, or
- b) a combination of fuels including diesel fuel, for use in propelling a motor vehicle, but does not include alternative motor fuel, locomotive fuel or fuel that is taxable under section 5 (coloured fuel); (S.1 Motor Fuel Tax Act).

“Motive fuel user permit” means a permit issued under the regulations authorizing a person to use, to propel an IFTA commercial vehicle, motive fuel that was not taxed under this Act at the time of purchase; (S.1 Motor Fuel Tax Act)

“Recreational vehicle” means a vehicle that is used exclusively for personal pleasure by an individual and includes, without limitation, any of the following vehicles when so used:

- a) motor homes;
- b) pickup trucks with attached campers;
- c) buses. (S.1(1) Motor Fuel Tax Regulations)

2.2 GENERAL

2.2.1 Overview

In BC, motor fuel taxes and carbon taxes apply to fuels used to power internal combustion engines such as cars, trucks, recreational vehicles, boats, ships, planes, locomotives and industrial equipment.

BC's Motor Fuel Tax is made up of two components: provincial and dedicated taxes. The provincial portion goes to general revenue and helps pay for a wide range of government programs, such as health care and education. The dedicated portion goes to the BC Transportation and Financing Authority, South Coast British Columbia Transportation Authority and the BC Transit Authority to help finance transportation projects in various parts of the province.

2.2.2 Application

Vehicles that fit into the definition of an IFTA commercial vehicle (see Section 2-1 on the previous page) must be registered with IFTA or purchase motive fuel user permits upon entering or returning to BC.

NOTE: If a motive fuel user permit is required, an additional Non-Resident permit may also be needed. Please refer to Chapter 1 – Licensing Guidelines and Permits for more information. Alternately, you may contact the Provincial Permit Centre or any Inspection Station for more information on Non-Resident Permits.

2.3 EXEMPTIONS

You **do not need** an IFTA licence or a motive fuel user permit if:

- you use your qualified motor vehicle exclusively as a recreational vehicle for your personal use,
- you use your qualified motor vehicle exclusively as an ambulance, school bus, fire truck, taxi or police vehicle, or
- you operate a commercial motor vehicle registered for farm use outside of BC, (S.50(1) Motor Fuel Tax Regulations)

2.4 INTERNATIONAL FUEL TAX AGREEMENT

2.4.1 Description

The International Fuel Tax Agreement is a single system for collecting and distributing fuel taxes based on where fuel is consumed (i.e., not purchased). Alaska, the District of Columbia, Hawaii, Mexico, the Yukon Territory, Nunavut and the Northwest Territories are not member jurisdictions. Under IFTA, companies register with their base jurisdiction and receive credentials, including a licence and decals for their qualified vehicles. These credentials allow their qualified vehicles to enter other IFTA jurisdictions without any additional fuel tax registration, licensing or reporting requirements. When companies are registered under IFTA, they file a single quarterly fuel tax return with their base jurisdiction, reporting the amount of fuel they purchased and the distances their IFTA vehicles travel in each jurisdiction. Companies can also make a single payment if any taxes are due. This makes fuel tax reporting much easier. Base jurisdictions redistribute the taxes based on the information from a company's return.

2.4.2 IFTA Licensing

IFTA registration is a pre-requisite for the Canadian Agreement on Vehicle Registration (CAVR) and the International Registration Program (IRP). The Consumer Taxation Programs Branch – Fuel and Carbon Tax Section frequently advise Commercial Vehicle Safety and Enforcement Branch (CVSE) of carriers who have had their IFTA licences suspended or revoked. If a carrier has had their IFTA suspended or revoked, they must purchase a Motive Fuel User Permit (MFUP) if they wish to enter BC.

2.4.3 IFTA Licences and Decals

IFTA qualified vehicles must display an IFTA decal on each side of the exterior of the cab and keep the licence, or a photocopy of the licence, inside the cab. IFTA licences and decals are valid for one calendar year, from January 1 through December 31. For BC, the serial numbers on IFTA decals must match the range of serial numbers listed on the IFTA licence. If not the carrier must purchase a MFUP if they wish to enter BC.

2.4.4 IFTA Temporary Permits

If you want to put an additional IFTA qualified commercial motor vehicle in service immediately, into an already existing IFTA account, but you do not have extra decals on hand, you can ask the Ministry of Finance – Fuel and Carbon Tax Section for an IFTA temporary permit. That ministry will fax the temporary permit to you if you provide:

- The vehicle year, make, licence plate number
- Vehicle Identification Number (VIN), and
- Your IFTA account is in good standing.

This permit is vehicle specific and valid for 30 days only. The ministry will mail you a supplementary IFTA licence and decals to replace the permit within the 30 day period.

For more information on IFTA, including links to the International Fuel Tax Agreement (IFTA) Operating Manual for BC Carriers, the carrier licence application, and IFTA quarterly fuel tax return forms and instructions, please visit the Ministry of Finance website at:

<http://www.gov.bc.ca/fin/>

2.5 MOTIVE FUEL USER PERMITS

2.5.1 General

CVSE issues permits and collects fees for Motive Fuel User Permits (MFUP) on behalf of the Ministry of Finance – Consumer Taxation Programs Branch. Effective July 1, 2008, carbon tax applies to the retail purchase or use of fuels in BC, including gasoline and diesel fuel. The charge is in addition to the motor fuel tax.

2.5.2 Fees

The table below lists the deposit rates for both motor fuel and carbon tax. The permit fee is calculated by the total distance to be traveled by a vehicle in BC.

| Period | Motor Fuel Tax Rate for each Kilometre | Carbon Tax Rate for each Kilometre | Combined Rate for each Kilometre | Maximum Combined Deposit |
|-----------------------|--|------------------------------------|----------------------------------|--------------------------|
| Starting July 1, 2008 | 7 ¢ | 1 ¢ | 8 ¢ | \$160 |
| Starting July 1, 2009 | 7 ¢ | 2 ¢ | 9 ¢ | \$180 |
| Starting July 1, 2011 | 7 ¢ | 3 ¢ | 10 ¢ | \$200 |
| Starting July 1, 2012 | 7 ¢ | 4 ¢ | 11 ¢ | \$220 |

The minimum payment is \$10 under each Act for a combined total of \$20.00.

2.5.3 Motor Fuel Tax Portion (S.40 (1) Motor Fuel Tax Regulations)

Minimum permit fee: \$10
 Price per kilometre: 7¢/km
 Maximum permit fee: \$140

2.5.4 Carbon Tax Portion (S.39 (2) Carbon Tax Act)

Minimum permit fee: \$10
 Price per kilometre: See chart above – date specific
 Maximum permit fee: See chart above – date specific

2.5.5 Purchasing Options

Motive fuel user permits can be purchased through the CVSE PPC by calling the toll-free permit line: 1-800-559-9688. Hours of operation are daily from 6:00 a.m. to 10:00 p.m. (PACIFIC STANDARD TIME), seven days per week, except the Permit Center does not change to Daylight Savings Time so from November to March hours are 5:00 a.m. to 9:00 p.m. PST. The Permit Center is closed Christmas Day, Boxing Day and New Year's Day.

Motive fuel user permits can also be purchased online if your company has a valid BCeID and has been registered to use CVSE's BCTPS Web permitting. For more information please go to: http://www.th.gov.bc.ca/CVSE/tps/tps_online.htm

2.6 GUIDELINES

2.6.1 CVSE Authority

CVSE Inspectors are authorized to enforce the *Motor Fuel Tax Act* and Regulations pursuant to the Inspectors Authorization Regulation – *Motor Vehicle Act* (BC Reg. 372/92). Both CVSE Inspectors and CVSE permit issuers have been given the authority to collect taxes on behalf of the Ministry of Finance by way of the Director's delegation under S.61 of the *Motor Fuel Tax Act*.

2.6.2 Discretion

CVSE inspectors and permit issuers can calculate the total distance by checking the user's load manifests, bills of lading, trip sheets or other documentation. If none of these are available, they may use their discretion and calculate the total distance from whatever method they consider appropriate (such as maps, distance charts, internet distance calculators, etc.). (S.40(2) and (3) Motor Fuel Tax Regulation)

2.6.3 Permit Details

A motive fuel user permit, valid for one trip only, must show the following in addition to client and vehicle information:

- Highway entry point
- Destination or exit point
- Total distance to be travelled in BC
- Start and expiry date – not to exceed seven (7) days

2.6.4 Enforcement

CVSE Inspectors, police officers and others appointed by the director may direct you to stop either at an inspection station or roadside and show your motive fuel user permit. They will ensure that the route paid for, agrees with the route that is actually being traveled.

2.6.5 Offences

The following are offences under the *Motor Fuel Tax Act* and Regulations:

- Fail to produce motive fuel user permit upon request from a peace officer or person authorized by the director
- No motive fuel user permit
- The use of coloured fuel, unless in a farm truck with "A" or "G" farm plates

2.7 REFUNDS

2.7.1 Motor Fuel and Carbon Tax Refunds

2.7.1.A. Eligibility

A person who pays the deposit for a motive fuel user permit may be eligible for a refund of a deposit overpayment if the actual distance traveled is less than the estimated distance and/or fuel is purchased within BC. The refund is calculated using the following formula:

$$\text{Refund} = (\mathbf{D} + \mathbf{TP}) - (\mathbf{R} \times \mathbf{AD})$$

Where:

- D** the amount of deposit paid
- TP** the amount of motor fuel and carbon tax you paid for fuel that was purchased in BC during the trip for use in the IFTA qualified commercial vehicle
- R** the combined tax rate set out by the province to calculate the deposit (see table on page 5)
- AD** the actual distance traveled by the vehicle in the province.

2.7.1.B. Minimum refund limit

Please note a refund cannot exceed the amount of the deposit and a refund of less than \$20.00 cannot be processed.

2.7.1.C. Supporting Documentation

To apply for a refund, complete the *Application for Refund of Motor Fuel Tax - Purchaser of Fuel* form (FIN 147). The form must be signed by the applicant and must be submitted with the following supporting documents:

- copies of all applicable Motive Fuel Permits
- copies of fuel invoices for fuel purchased within BC during the permit period for use in the permitted vehicle showing the name and location of the seller, the date of purchase and the litres and type of fuel purchased
- documentation to support the actual distance traveled such as copies of the driver log book showing the distance traveled within BC during the permit period, or bills of lading showing the delivery destination.

2.7.1.D. Submitting Refund Requests

Please send the request for refund and supporting documentation to:

Refund Section

PO Box 9628, Stn Prov Govt

Victoria B.C. V9W 9N6

2.7 REFUNDS

2.7.2 Stationary Engine Refunds

Under Regulation 4 (1) of the Motor Fuel Tax Act, carriers may also apply for a refund on fuel that is used for the operation of the engine of a motor vehicle while the vehicle is stationary, the difference between the tax paid under that section and the tax that would have been payable under S.5 of the Act had the fuel been coloured fuel, if the engine is operated for the purpose of:

- a) rotating the drum on a ready mixed concrete truck and pumping ready mixed concrete,
- b) pumping or dispensing liquids or other materials to or from a commercial motor vehicle, which does not include
 - (i) the use of a hydraulic cylinder, or
 - (ii) subject to paragraph (d), the use of a hydraulic arm,
- c) operating a mobile crane,
- d) operating a hydraulic arm mounted on a logging truck,
- e) operating a drilling unit that is operated by a power take-off unit, or
- f) operating temperature control equipment to preserve goods in an insulated cargo box on a commercial motor vehicle.

If you require additional information, call the Taxpayer Services information line toll-free at 1-877-388-4440.

To apply for a refund, complete the *Stationary Engine Refund Application* form (FIN 159)

2.7.3 Cancellation of Trip and Permit Error Refunds

A person who pays the deposit for a Motive Fuel User Permit may apply to CVSE for a refund of the MFUP deposit if CVSE issued the motive fuel user permit incorrectly or the trip is cancelled prior to the effective date on the permit.

For more information on applying for a refund with CVSE (*refer to Chapter 3 – Section 3-10 Amendments, Cancellations and Refunds*)

2.8 CONTACTS

2.8.1 Motor Fuel Tax, Carbon Tax and IFTA Enquiries

Toll-Free from Within Canada: 1-877-388-4440

Motor Fuel and Carbon Tax Website:

www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.htm

Email: CTBTaxQuestions@gov.bc.ca

2.8.2 CVSE Provincial Permit Centre

Toll-Free: 1-800-559-9688

Fax: 250-784-2426

Email: DAWCREEK@gov.bc.ca

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