

Ministry of Finance

Tax Bulletin



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Commercial Air or Marine Services

Carbon Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated December 2015. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin explains the requirements and responsibilities of a registered air service or a registered marine service under the *Carbon Tax Act*. This bulletin also explains the requirements for self-assessing or claiming a refund of carbon tax for non-registered commercial air services and non-registered commercial marine services.

This bulletin does not apply to commercial air services that do not have flights between two points in BC. These businesses may apply to become a registered consumer. For information on becoming a registered consumer, see [Bulletin MFT-CT 004, Registered Consumers](#). This bulletin also does not apply to interjurisdictional cruise ships that have scheduled ports of call outside BC or other ships prohibited from coasting trade under the *Coasting Trade Act* (Canada). Fuel used in the operation of these ships is exempt from carbon tax.

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Overview

Carbon tax applies to the purchase or use of fuels, such as gasoline, diesel, natural gas, heating oil, propane and coal, unless a specific exemption applies (for information on specific exemptions, see our [exemptions](#) page). The use of fuels includes all uses, even if the fuel is not combusted. Carbon tax also applies to combustibles, such as peat and tires, when used to produce heat or energy. For a complete list of the fuels and combustibles subject to carbon tax and their tax rates, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

A registered air service or a registered marine service is authorized to purchase specific types of fuel without paying carbon tax at the time of purchase in BC. For example, a registered air service can purchase aviation or jet fuel without paying carbon tax at the time of purchase, and a registered marine service can purchase light fuel oil or heavy fuel oil without paying carbon tax at the time of purchase. However, they are required to self-assess (pay directly to us) carbon tax on all fuel they use for a non-exempt purpose in BC.

Commercial air services and commercial marine services that are not registered are required to pay carbon tax on fuel at the time of purchase in BC and on fuel brought into BC that they use for a non-exempt purpose. They may be eligible for a refund of carbon tax paid on fuel used for an exempt purpose.

Registered Air or Marine Services

Qualifying for Registration as a Registered Air Service

You may apply to us for registration as a registered air service if:

- you own or operate a commercial air service that:
 - provides interprovincial or international air transportation of passengers and/or goods to members of the public for a fee, or
 - provides interprovincial or international air services other than the transportation of passengers and/or goods (e.g. aerial surveying or spraying) to members of the public for a fee,
- at least 50% of the fuel you use in all flights beginning or ending in the province is for flights that do not connect two locations in the province, and
- you hold a licence issued by the Canadian Transportation Agency and, if required by Transport Canada, an operating certificate issued by Transport Canada for each type of aircraft owned and operated by you.

Qualifying for Registration as a Registered Marine Service

You may apply to us for registration as a registered marine service if:

- you own or operate a commercial marine service that:
 - provides marine transportation of passengers and/or goods to members of the public for a fee on ships owned or operated by you, and
 - at least 50% of all the marine trips of all your ships that begin or end in BC are trips that do not include a segment of a marine trip that begins at a port or other similar place in BC and ends at the same location or another port or similar place in BC.

OR

- you own or operate a commercial marine service that:
 - provides marine services other than the marine transportation of passengers and/or goods to members of the public for a fee on ships owned or operated by you, and
 - at least 50% of all the marine trips of all your ships that begin or end at a port or other similar place in BC, begin or end at a port or other similar place that is outside of BC with no intervening stops.

How to Apply

To apply for registration as a registered air service, you need to complete and send in an *Application for Registration as a Registered Air Service* ([FIN 123](#)).

To apply for registration as a registered marine service, you need to complete and send in an *Application for Registration as a Registered Marine Service* ([FIN 155](#)).

Before being registered as either a registered air service or registered marine service, you must enter into an agreement with us that sets out the duties and conditions of your registration. You may also be required to provide an unconditional letter of credit from a recognized Canadian financial institution.

If you are conditionally approved for registration, we will send you two copies of an agreement. If you agree with the duties and conditions, you must sign and return both copies to us. The director will then sign both copies of the agreement and return one copy to you.

If you are approved for registration, we will also send you a *Registered Air Service Certificate* or a *Registered Marine Service Certificate*, which will include your name, address, registration number and the type of fuel(s) you may purchase tax exempt.

If you are not approved for registration, we will send you a letter explaining why your application was refused and how to appeal the decision if you disagree. If your application is refused, you must pay carbon tax at the time of purchasing fuel in the province, and you must self-assess carbon tax on fuel you transfer or bring into the province in a supply tank or otherwise import and use in BC. You may apply for a refund of tax on the portion of the fuel you used for an exempt purpose. For more information on refunds of carbon tax, see Non-Registered Air or Marine Services below.

Responsibilities

Purchasing Fuel

As a registered air service or registered marine service, you may purchase the type(s) of fuel indicated on your certificate without paying carbon tax at the time of purchase by providing your supplier with a copy of your certificate, or your certificate number and the fuel type.

Self-Assessing Carbon Tax

As a registered air service or registered marine service, you must self-assess carbon tax when you use the type(s) of fuel indicated on your certificate for a non-exempt purpose (e.g. fuel used in a flight connecting two points within BC). This includes fuel you:

- purchase in BC,
- bring into BC in the supply tank or supplemental supply tank of an aircraft or vessel, or
- purchase outside of BC and transfer into the receptacle of an aircraft or ship within BC.

You must also self-assess carbon tax on the amount of fuel you determine will not be used (e.g. due to spillage).

If you use any type of fuel in BC that is not indicated on your *Registered Air Service Certificate* or *Registered Marine Service Certificate* (e.g. you import another type of fuel or combustible you use for a non-exempt purpose), you must self-assess carbon tax on that fuel or combustible. For more information, see [Bulletin MFT-CT 006](#), *Self-Assessing Motor Fuel and Carbon Tax*.

Reporting Periods

Reporting periods are monthly, quarterly or annually and are established when you become a registered air service or a registered marine service. Your reporting period is based on the annual amount of carbon tax you are required to self-assess:

- less than \$12,000 of carbon tax – annual reporting (July 1 – June 30),

- \$12,000 to less than \$120,000 of carbon tax – quarterly reporting (January 1 – March 31, April 1 – June 30, July 1 – September 30, October 1 - December 31), or
- \$120,000 or more of carbon tax – monthly reporting.

Tax Returns and Payments

You use the *Registered Air Service or Marine Service Carbon Tax Return* to self-assess the carbon tax due.

If you identify an error in a tax return from a previous reporting period, you must submit an amended return for that reporting period as soon as possible.

How to File and Pay

You can file your tax return and pay the carbon tax due:

- online using [eTaxBC](#), or
- by mail or courier using the *Registered Air Service or Marine Service Carbon Tax Return* (**FIN 105**) available on our website.

Credit Transfers

If you have a credit balance on your motor fuel or carbon tax account and want to transfer this credit to another reporting period or to another of your motor fuel or carbon tax accounts where there is an amount owing, you must provide us with written instructions that include:

- the credit amount you want to transfer
- the account the credit is being transferred from
- the account the credit is being transferred to (include the reporting period if applicable)

You can send us these instructions:

- online using eTaxBC - log on to your eTaxBC account and click on Contact the Ministry to send us a message
- by email to CarbonTax@gov.bc.ca
- by mail - attach a note or letter to your return

Do not enter the credit amount as a tax adjustment on your return or your return may be processed incorrectly.

Your transfer request must be received on or before the tax return due date (see Due Date below) to avoid penalty and interest charges. Penalty and interest may also apply on any unpaid amount if we find that the amount of credit available at the time of transfer was incorrect.

Due Date

You must file a return and pay any carbon tax due to us by the **15th day** of the month following the reporting period in which you used the fuel in the province. If the due date for the tax return and payment falls on a weekend or a BC statutory holiday, the due date is the next business day.

If you file and pay online using **eTaxBC**, your tax return and payment are considered on time if they are posted to eTaxBC by 11:59 pm (Pacific Time) on the due date.

If you send in your tax return and payment by mail, it is considered on time if the envelope is postmarked by Canada Post (or a national equivalent if outside Canada) on or before the due date. A business postage meter mark is not sufficient. If you mail your tax return and payment on or near the due date, ask Canada Post to postmark the envelope immediately.

If you send your tax return and payment by courier, it must be received by us by the close of business (4:30 pm) on the due date to be considered on time.

Payments must be negotiable on or before the due date to be considered on time (e.g. if your payment is submitted on time but is post-dated after the due date, it will be considered late). If you are paying by cheque, it must be payable in Canadian funds to the Minister of Finance.

If you are filing a nil tax return (i.e. no tax is owing), you may fax it but it must be received by us by 11:59 pm on the due date.

If your return and payment are not received on time, penalties and interest may be applied. Nil tax returns and amended tax returns are treated the same as other late tax returns in evaluating filing history.

Record Keeping

The *Carbon Tax Act* requires that you keep all your records and documents in BC for **five** years.

Suspension and Cancellation of Registered Air or Marine Service Registrations

Your certificate as a registered air service or a registered marine service may be suspended or cancelled for not complying with the *Carbon Tax Act* or regulations or for not meeting the duties and conditions set out in your agreement.

If your certificate is suspended or cancelled, you must pay carbon tax at the time you purchase fuel in the province. You also must continue self-assessing carbon tax on fuel you transfer or bring into the province in a supply tank or otherwise import and use for a non-exempt purpose in BC. You may apply for a refund of carbon tax paid on the

portion of fuel purchased in BC that you use on trips or flights that begin or end outside of the province. For more information on self-assessing or refunds of carbon tax, see Non-Registered Air or Marine Services below.

Non-Registered Air or Marine Services

Businesses that provide commercial air or commercial marine services but do not have a registered air service or marine service certificate (or have had their certificate suspended or cancelled) are considered non-registered air services or marine services. Non-registered businesses still have certain responsibilities and refund opportunities under the Act.

Responsibilities

Paying Carbon Tax – Commercial Air Services

If you are not registered as a commercial air service, you must pay carbon tax at the time you purchase fuel from your supplier in BC. You must self-assess carbon tax if you did not pay carbon tax on the fuel at the time of purchase. This includes fuel you:

- brought into BC in the supply tank or supplemental supply tank of an aircraft, or
- purchased outside of the province and transferred into the receptacle of an aircraft within BC.

However, you are not required to self-assess carbon tax if the fuel was for use in a flight that:

- transported passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of BC, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

OR

- provided an air service other than the transportation of passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of BC, as long as that beginning or ending outside BC was integral to the provision of the air service, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

Paying Carbon Tax – Commercial Marine Services

If you are not registered as a commercial marine service, you must pay carbon tax at the time you purchase fuel from your supplier in BC. You must self-assess carbon tax if you did not pay carbon tax on the fuel at the time of purchase. This includes fuel you:

- brought into BC in the supply tank or supplemental supply tank of a ship, or
- purchased outside the province and transferred into the receptacle of a ship within BC.

How to Pay Carbon Tax

Tax Returns and Payments

If you owe carbon tax, you must file the *Non-Registered Air or Marine Carbon Tax Refund Application/Return* (**FIN 171**) and pay the tax due to us. This form acts as both a refund application and a return. If the net amount you report on the form shows that tax is due, the form is considered a return. If the net amount you report on the form shows you overpaid tax, the form is considered an application for refund (see Refunds below).

Reporting Periods

Reporting periods are monthly, quarterly or annually and are established by us after you have filed your first tax return. Your reporting period is based on the annual amount of carbon tax you are expected to self-assess as follows:

- less than \$12,000 of carbon tax – annual reporting (July 1 – June 30),
- \$12,000 to less than \$120,000 of carbon tax – quarterly reporting (January 1 – March 31, April 1 – June 30, July 1 – September 30, October 1 - December 31), or
- \$120,000 or more of carbon tax – monthly reporting.

Due Date

You must file your return and pay any carbon tax due to us by the **28th day** of the month following the reporting period in which you use the fuel. If the due date for the tax return and payment falls on a weekend or a BC statutory holiday, the due date is the next business day.

If you send in your tax return and payment by mail, it is considered on time if the envelope is postmarked by Canada Post (or a national equivalent if outside Canada) on or before the due date. A business postage meter mark is not sufficient. If you mail your tax return and payment on or near the due date, ask Canada Post to postmark the envelope immediately.

If you send your tax return and payment by courier, it must be received by us by the close of business (4:30 pm) on the due date to be considered on time.

Payments must be negotiable on or before the due date to be considered on time (e.g. if your payment is submitted on time but is post-dated after the due date, it will be considered late). If you are paying by cheque, it must be payable in Canadian funds to the Minister of Finance.

If your tax return and payment are not received on time, penalties and interest may be applied.

Refunds

Applying for a Refund of Carbon Tax – Commercial Air Service

If you purchase fuel within BC for a commercial air service, you may apply for a refund of the carbon tax you paid on fuel used in a flight that:

- transported passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of BC, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

OR

- provided an air service other than the transportation of passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of BC, as long as that beginning or ending outside BC was integral to the provision of the air service, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

Applying for a Refund of Carbon Tax – Commercial Marine Service

If you purchase fuel for a commercial marine service in BC, you may apply for a refund of carbon tax you paid on fuel used in a ship on a marine trip, or a segment of a marine trip, that:

- was for members of the public for a fee, transported passengers and/or goods, and did not include a segment of a marine trip that began at a port or other similar place in BC and ended at the same location or at another port or similar place in BC, or
- provided marine services other than the marine transport of passengers and/or goods to members of the public for a fee and began or ended at a port or other similar place in BC, as long as that marine trip began or ended at a port or other similar place that is outside BC with no intervening stops and that segment of the marine trip was integral to the provision of the marine service.

Refund Application/Return

To apply for a refund of carbon tax, you use the *Non-Registered Air or Marine Carbon Tax Refund Application/Return* ([FIN 171](#)).

If the net amount you report on the form shows that tax is due, the form is considered a return.

If the net amount you report on the form shows that you overpaid tax, the form is considered an application for a refund.

Your refund claim must be received by us within four years of the date you paid the tax (i.e. the fuel purchase date). Claims for amounts of less than \$10 **are not** eligible for a refund.

For more information on how to submit the form and the detailed information required to support your refund or return, see the instructions and documentation requirements attached to the *Non-Registered Air or Marine Carbon Tax Refund Application/Return* ([FIN 171](#)).



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Online: gov.bc.ca/salestaxes

Toll-free: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

June 2017

- Added information to explain how you can request a credit on your motor fuel or carbon tax account be transferred to another motor fuel or carbon tax account where there is an amount owing.
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