

Ministry of Finance Tax Bulletin



Bulletin CT 002

Issued: May 2011 Revised: May 2024

The **carbon tax was eliminated effective April 1, 2025**. This bulletin has not been updated to reflect this change. The carbon tax information in this bulletin applies prior to April 1, 2025. For more information on the elimination of carbon tax, see our [Carbon tax elimination](#) page.

Carbon Tax Refunds for Purchasers

Carbon Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated February 2024. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains when fuel purchasers may be eligible for a refund of carbon tax paid and how to claim a refund.

This bulletin does not apply to businesses purchasing fuel as a registered consumer, registered air service or registered marine service. This bulletin also does not apply to deputy collectors or retail dealers.

For information on refunds for registered air or marine services, registered consumers and fuel sellers, see the following publications:

- [Bulletin CT 005](#), Commercial Air or Marine Services
- [Bulletin MFT-CT 004](#), Registered Consumers
- [Bulletin MFT-CT 007](#), Refunds for Deputy Collectors and Retail Dealers

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Overview

You are a **purchaser** if you buy, or receive delivery of, fuel in B.C. for your own use. Purchasers must pay carbon tax, unless a specific exemption applies.

You may apply for a refund of carbon tax if you:

- Paid carbon tax in error (e.g. there is no legal obligation for you to pay the carbon tax)
- Overpaid carbon tax (e.g. you paid more carbon tax than you should have because of an error in calculation)
- Correctly paid carbon tax at the time of purchase, but you are a person who qualifies for a refund (see below)

Qualifying Refunds

Export and Use Outside B.C.

You may purchase fuel in B.C. exempt from carbon tax if:

- at the time you purchase the fuel, you have a contract with a common carrier to deliver the fuel to a destination outside of B.C. for your own use outside the province, or
- the seller exports the fuel for your own use outside the province.

If a fuel seller charges you carbon tax on this type of purchase, you may apply for a refund.

First Nations Individuals and Governments

Under the Indian Act (Canada), sales to eligible First Nations purchasers on First Nations land are exempt from tax. If you are an eligible First Nations purchaser or a First Nations government and a fuel seller charges carbon tax on your purchase of fuel on First Nations land, you may apply for a refund.

For more information on who is eligible for this exemption, see [Bulletin MFT-CT 002](#), Sales to First Nations and the Fuel Tax Exemption Program.

Farmers

Qualifying farmers may purchase coloured gasoline and coloured diesel for authorized uses exempt from carbon tax. If you are a qualifying farmer and a fuel seller charges carbon tax on your purchase of coloured gasoline or coloured diesel, you may apply for a refund.

If you purchase clear gasoline or clear diesel in B.C. for use in a truck with a farm licence plate while operating internationally for a farm purpose (e.g. travel to the United States to deliver your farm product to a customer), you may apply for a refund of the carbon tax paid on that fuel. This refund allows the same preferential tax treatment farmers receive with coloured fuel when travelling for a farm purpose in jurisdictions, such as Washington State, Idaho and Montana, that do not allow the use of coloured fuel on highways.

For more information on the authorized uses of coloured gasoline or coloured diesel that is exempt from carbon tax, see [Bulletin MFT-CT 003](#), Coloured Fuels and Other Substances.

Visiting Forces or Members of the Diplomatic and Consular Corps

Visiting forces may purchase fuel exempt from carbon tax if they use the fuel in connection with their official duties. Members of the diplomatic and consular corps may purchase fuel exempt from carbon tax. If you are a visiting force or a member of the diplomatic or consular corps, and a fuel seller charges you carbon tax at the time of purchase, you may apply for a refund.

For more information on exemptions for members of the diplomatic and consular corps, see [Bulletin CTB 007](#), Exemption for Members of the Diplomatic and Consular Corps.

Cruise Ships

Purchasers may purchase fuel exempt from carbon tax if the fuel is used in the operation of an interjurisdictional cruise ship that has a scheduled port of call outside B.C. If you purchase fuel for an interjurisdictional cruise ship that has a scheduled port of call outside B.C. and a fuel seller charges you carbon tax at the time of purchase, you may apply for a refund.

Ships Prohibited from Coasting Trade

Purchasers may purchase fuel exempt from carbon tax if the fuel is used in the operation of a ship prohibited from coasting trade. If you purchase fuel for a ship prohibited from coasting trade and a fuel seller charges you carbon tax at the time of purchase, you may apply for a refund.

Non-Registered Air Services

If you are not a registered consumer or a registered air service, you may apply for a refund of carbon tax you pay on fuel used to operate a commercial air service that:

- provides interprovincial or international air transportation of passengers or goods to members of the public for a fee, or
- provides interprovincial or international air services other than the transportation of passengers or goods (e.g. aerial surveying or spraying) to members of the public for a fee, and
- begins or ends outside B.C., and
- is authorized by the Canadian Transportation Agency and if required by Transport Canada, is issued an operating certificate by Transport Canada for each type of aircraft used for the flight.

For more information on non-registered air services, see [Bulletin CT 005](#), Commercial Air or Marine Services.

Non-Registered Marine Services

If you are not a registered marine service, you may apply for a refund of carbon tax you pay on fuel used in a ship on a marine trip, or a segment of a marine trip, that:

- transports passengers or goods to members of the public for a fee and **does not** include a segment of a marine trip that begins at a port or other similar place in B.C. and ends at the same location or at another port or similar place in B.C., or
- provides marine services to members of the public for a fee and begins or ends at a port or other similar place in B.C., **as long as** that marine trip begins or ends at a port or other similar place that is outside of B.C. with no intervening stops and that segment of the marine trip is integral to the provision of the marine service.

For more information on non-registered marine services, see [Bulletin CT 005](#), Commercial Air or Marine Services.

Feedstock

If you use fuel as a feedstock, you may qualify as a registered consumer and be able to purchase the type of fuel on your registered consumer certificate exempt of tax. If you are not a registered consumer, you may apply for a refund of carbon tax you pay on fuel that is not combusted and that you use as a raw material in an

industrial process to produce or upgrade another fuel, or to manufacture another substance.

Non-Energy Use

If you use fuel for specific non-energy purposes, you may qualify as a registered consumer and be able to purchase the type of fuel on your registered consumer certificate exempt of tax. If you are not a registered consumer, you may apply for a refund of carbon tax you pay on fuel that is not combusted when used in the following specific circumstances:

- as a raw material to manufacture anodes used in an electrolytic process for smelting aluminum,
- as a reagent to separate out coal or ores of metal in an industrial floatation process,
- in pipeline pigging,
- as antifreeze in a natural gas pipeline,
- in down-hole operations at a well site,
- to remove natural gas liquids or impurities in the processing of natural gas, or
- as a refrigerant in a closed system in the processing of natural gas.

Reductant in the Production of Lead or Zinc

If you use coke, high heat coal, low heat coal, petroleum coke or a combination of them in a combustion process as a reductant in the production of lead or zinc, you may apply for a refund of carbon tax. The maximum amount of fuel that is eligible for a refund as a reductant is set out in a table in the regulations to the Carbon Tax Act. The amount varies depending on the type of fuel combusted as a reductant and the type of metal (i.e. lead or zinc) produced.

Eligible Greenhouse Growers

If you purchase natural gas or propane as an eligible greenhouse grower for an eligible purpose, you may claim a partial carbon tax exemption equal to 80% of the applicable carbon tax rate in effect at the time of purchase. If you paid tax on the fuel at more than 20% of the full applicable rate, you may apply to us for a refund if:

- You purchased the fuel on or after April 1, 2023, without providing the seller with a Certificate of Partial Exemption – Greenhouse Growers ([FIN 463](#)) at or before the time of the sale
- You purchased the fuel on or after April 1, 2023, before qualifying as an eligible greenhouse grower, then used the fuel for an eligible purpose after qualifying

- You purchased the fuel on or after March 1, 2023, and before April 1, 2023, then used the fuel on or after April 1, 2023, as an eligible greenhouse grower for an eligible purpose

The refund equals the difference between the carbon tax you paid on the fuel and the carbon tax you would have paid if the partial exemption had been applied.

Example

You purchase 1,000 m³ of qualifying natural gas on June 3, 2023, and pay \$123.90 carbon tax (paid at the full rate of 12.39 ¢/m³). You qualify as a greenhouse grower and use the fuel for an eligible purpose, but you did not provide the seller with a Certificate of Partial Exemption – Greenhouse Growers at the time of sale. You may claim a refund of \$99.12 (equivalent to 80% of the total carbon tax paid), calculated as follows:

The amount you paid (1,000 m ³ x 12.39 ¢/m ³):	\$123.90
Less the amount you would have paid if the exemption was applied (1,000 m ³ x 2.478 ¢/m ³):	<u>\$ 24.78</u>
Refund:	\$ 99.12

For more information, see our [partial exemption from carbon tax for greenhouse growers](#) page.

B.C. Output-Based Pricing System (B.C. OBPS)

Effective April 1, 2024, if you are a B.C. OBPS registrant, you may claim an exemption from carbon tax on any fuel or combustible if:

- the fuel or combustible is used by a B.C. OBPS regulated operation to produce a regulated product, or by a B.C. OBPS new entrant, and
- greenhouse gas emissions from the fuel or combustible are attributable to the regulated operation or new entrant.

If you paid carbon tax on a qualifying fuel or combustible, you may apply to us for a refund.

For more information, see our [B.C. output-based pricing system carbon tax exemption](#) page.

General Information and Requirements for Refund Claims

The following general information and requirements apply to refund claims.

- The person who pays the tax must sign the refund application. If the person who pays the tax is a corporation, a director or authorized employee of the corporation must sign the refund application.
- You must apply separately for a refund of motor fuel tax you pay on the same fuel if you are also eligible for a refund under the Motor Fuel Tax Act. For more information, see [Bulletin MFT 002](#), Motor Fuel Tax Refunds for Purchasers.
- You must keep all your records and documents for five years from the date the record is created.

How to Apply for a Refund

To apply for a refund, complete the Application for Refund of Carbon Tax - Purchaser of Fuel ([FIN 108](#)), unless one of the following situations apply:

- If you are an eligible greenhouse grower who paid carbon tax at the full applicable rate on natural gas or propane used for an eligible purpose, complete an Application for Refund of Carbon Tax Greenhouse Growers – Purchaser ([FIN 110A](#)).
- If you use fuel in interjurisdictional air or marine travel or transport, or interjurisdictional air or marine services, and you are not a registered air service or registered marine service, complete the Refund Application Carbon Tax - Non-Registered Air or Marine ([FIN 171](#)).

Refund application forms correspond to specific carbon tax rate periods. You can find the refund application forms on our [motor fuel tax and carbon tax forms page](#) or see our [previous versions](#) page to find prior years carbon tax refund application forms. Make sure you use the correct refund application form for the correct tax rate period.

Each refund application form provides instructions on how to complete the form and the specific supporting documentation you must submit with the application. Read the Explanation of Document Numbers section of the form carefully, as the supporting documents may vary depending on the reason for the refund. Your claim will not be processed if you do not provide the required documents.

Send your refund application and supporting documentation to:

Ministry of Finance
Consumer Taxation Programs Branch
Refund Section
PO Box 9628 Stn Prov Gov
Victoria BC V8W 9N6

Time Limit and Minimum Amount for Claiming a Refund

We must receive your refund claim within four years from the date you paid the carbon tax. For example, if you paid the tax on August 11, 2022, we must receive your refund claim by August 11, 2026.

We cannot issue a refund of less than \$10.

Need more info?

Online: gov.bc.ca/fuelandcarbontax

Toll free: 1-877-388-4440

Email: CTBTaxQuestions@gov.bc.ca

[Subscribe](#) to receive email notifications when B.C. tax information is updated.

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

Latest Revision

May 2024

- Added information on the new carbon tax exemption for B.C. OBPS registrants
 - Other minor revisions
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