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Carbon Tax Refunds for Purchasers

Carbon Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated September 2014. 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 BC for your own use. Purchasers are required to pay carbon tax, unless an exemption exists under the legislation as outlined in this bulletin.

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

- pay carbon tax in error, i.e. an exemption exists and there is no legal obligation for you to pay the carbon tax,
- overpay carbon tax, e.g. you pay more carbon tax than you should because of an error in calculation,
- correctly pay carbon tax at the time of purchase, but you use the fuel for a specific purpose described in the legislation that qualifies for a refund, e.g. fuel used as feedstock to manufacture another substance.

Qualifying Refunds

Export and Use Outside BC

You may purchase fuel in BC exempt of 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 BC 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 Nation Individuals and Governments

Under the *Indian Act* (Canada), sales to eligible First Nation purchasers on reserve are exempt of tax. If you are an eligible First Nation purchaser (commonly referred to as a Status Indian in some forms and publications) or a First Nation government and a fuel seller charges carbon tax on your purchase of fuel on reserve 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 Exempt Fuel Retailer Program](#).

Farmers

Effective January 1, 2014, 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.

Also effective January 1, 2014, if you purchase clear gasoline or clear diesel in BC 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.

Visiting Forces or Members of the Diplomatic and Consular Corps

Visiting forces are able to purchase fuel exempt of carbon tax if they use the fuel in connection with their official duties. Members of the diplomatic and consular corps are able to purchase fuel exempt of 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 are able to purchase fuel exempt of carbon tax if the fuel is used in the operation of an interjurisdictional cruise ship that has a scheduled port of call outside of BC. If you purchase fuel for an interjurisdictional cruise ship that has a scheduled port of call outside of BC 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 are able to purchase fuel exempt of carbon tax if the fuel is used in the operation of a ship that is 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 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, and
- begins or ends outside of BC, 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 and/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 BC and ends at the same location or at another port or similar place in BC, or
- provides marine services to members of the public for a fee and begins or ends at a port or other similar place in BC, **as long as** that marine trip begins or ends at a port or other similar place that is outside of BC 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.

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 are required to keep all your records and documents in BC for **five** years.

How to Apply for a Refund

You apply for a refund using the *Application for Refund of Carbon Tax - Purchaser of Fuel* ([FIN 108](#)).

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, you use the *Refund Application/Return - Carbon Tax - Non-Registered Air or Marine* ([FIN 171](#)). Send your refund application and supporting documentation to:

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

Time Limit and Minimum Amount for Claiming a Refund

Your refund claim must be received by us within four years of the date you paid the tax. For example, if you paid the tax on August 11, 2012, we must receive your refund claim by August 11, 2016.

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

Need more info?

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

November 2015

- Corrected the date in the refund example that explains when a refund claim must be received.
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