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Fuel Sellers

Motor Fuel Tax Act and Carbon Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated April 2018. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin provides information to help fuel sellers understand how motor fuel tax and carbon tax apply to their businesses.

This bulletin does not apply to natural gas sellers. Natural gas sellers should read [Bulletin CT 001](#), *Natural Gas and Biomethane Sellers*.

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Overview

Carbon tax is a broad based tax that 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 the use of combustibles, such as peat and tires, when used to produce heat or energy.

Motor fuel tax applies to fuels sold for use or used in internal combustion engines. Internal combustion engines are used in most automobiles, aircraft, ships and motor boats. They are also used in industrial equipment, such as bulldozers, skidders, chain saws and generators.

If a fuel is sold for use to generate power in internal combustion engines, motor fuel tax and carbon tax apply to the fuel. If a fuel is sold for any purpose other than for use in an internal combustion engine, carbon tax and provincial sales tax (PST), and in some cases the ICE Fund tax, apply to the fuel unless a specific exemption applies.

Note: Motor fuel tax applies to propane for any use unless a specific exemption applies. PST, other than the 0.4% ICE Fund tax, does not apply to sales of propane.

For a complete list of the fuels and combustibles subject to motor fuel tax and carbon tax, and their tax rates, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*. For information on the ICE Fund tax and the PST exemption for residential energy products, see [Bulletin PST 203](#), *Energy, Energy Conservation and the ICE Fund Tax*. For information on propane exemptions, see [Bulletin MFT 014](#), *Propane Exemptions*.

Definitions

- A **vendor** is a person who sells fuel in BC for the first time after it is manufactured in, or imported into, BC (manufacture includes the production, refining, recycling or compounding of fuel). Vendors must apply to be appointed as a **collector** for each type of fuel they sell (see Applying to be a Collector below) and must be appointed a collector prior to the first sale of the fuel.
- A **deputy collector** is a person who purchases fuel in BC to resell to someone other than a purchaser.
- A **retail dealer** is a person who sells fuel to a purchaser in BC. Retail dealers of natural gas must apply for a retail dealer certificate under the *Carbon Tax Act*.
- A **purchaser** is a person who buys or receives delivery of fuel in BC for their own use. The use of the fuel may occur within or outside of BC. For clarity, this bulletin will refer to purchasers as **end purchasers**. End purchasers are required to pay tax.

Based on the nature of each fuel transaction, a person may be a collector, deputy collector or retail dealer. For example, even if a person has been appointed as a collector, they are considered a:

- Deputy collector with respect to fuel purchased in BC that they resell to someone (other than an end purchaser)
- Retail dealer with respect to any fuel they sell in BC to an end purchaser

Sale in BC

Fuel is considered to be sold in BC when the transfer of ownership of the fuel occurs in BC.

When fuel is **leaving BC for another jurisdiction** and the fuel is transferred at, on, or as it crosses the BC border leaving BC, the sale is considered to be within BC. This means security must be paid or tax must be collected on those sales, unless a specific exemption applies.

When fuel is **entering BC from another jurisdiction** and the fuel is transferred at, on, or as it crosses the BC border into BC, the sale is considered to be outside BC. Therefore, except for the exception for fuel imported by ship (see below), the person who receives the fuel at, on, or as it crosses the BC border from outside BC must apply and be appointed a collector.

Exception for Fuel Imported by Ship

The only exception to the definitions above is for fuel imported by ship if all of the following apply:

- The fuel is part or all of a single shipment
- The fuel entered BC by ship from outside Canada in compliance with the federal *Customs Act* and regulations
- The fuel is a qualifying fuel and sold in prescribed volumes (see table below):
 - before it is released by Canada Customs, or
 - after it has been released by Canada Customs but before or at the time the fuel is removed from the ship on which it entered BC

Released has the same meaning as in the *Customs Act* (Canada).

Qualifying Fuel and Prescribed Volumes

| Qualifying Fuels / Class of Fuels | Prescribed Volumes |
|---|-----------------------------|
| Liquid fuels (e.g. gasoline or diesel) | More than 5 million litres |
| Gaseous fuels (e.g. butane or ethane) | More than 30 million litres |
| Solid fuels (e.g. high heat value coal) | More than 25,000 tonnes |

Note: Natural gas and hydrogen are not qualifying fuels. You can find a listing of liquid, gaseous and solid fuel types in the Table of Fuel Types and Rates on most carbon tax returns.

If the above exception applies, the person who sold the fuel before it was released by Canada Customs or before or at the time it was removed from the ship:

- Is not a vendor or retail dealer of that fuel
- Is not required to be appointed a collector for that type of fuel, if the fuel they import always meets the conditions of the exception and they do not manufacture that type of fuel in BC
- If appointed as a collector, does not report the import of that fuel or pay security on that fuel
- Does not collect motor fuel tax or carbon tax on the sale of that fuel

In this situation, the person in BC who purchases the fuel:

- For resale in BC, is the vendor and must be appointed a collector for that fuel type (if they are not already appointed) and must report the import of that fuel and pay any security, motor fuel tax and carbon tax due to us on the sale of that fuel in BC. To apply to become a collector (if you are not already a collector for that type of fuel), see [Applying to be a Collector](#) below.
- For their own use, is required to self-assess any motor fuel tax and carbon tax due to us on the use of that fuel in BC. For more information, see [Bulletin MFT-CT 006, Self-Assessing Motor Fuel and Carbon Tax](#).

Example:

Company A imports 11 million litres of gasoline into BC on a fuel barge. Before the fuel is released by customs, Company A sells 6 million litres to Company B and 5 million litres to Company C. Both Company B and Company C intend to resell the fuel in BC and cause their fuel to be released and removed from the fuel barge.

In this situation:

- Company A is not a vendor of the fuel sold to Company B. Company B is now considered the vendor and must be appointed a collector if they are not already appointed, and must report the import of that fuel, pay security to us, and collect any motor fuel tax and carbon tax due on the sale of that fuel.
- Company A is the vendor of the fuel sold to Company C since the sale does not meet the prescribed volume threshold (i.e. more than 5 million litres) and must be appointed a collector, if they are not already. Company A must report the import of that fuel, pay security to us, and collect any motor fuel tax and carbon tax due on the sale of that fuel.

Applying to be a Collector

To apply for appointment as a collector, you need to complete an *Application for Appointment as a Collector* ([FIN 142](#)).

Once your application is received, and before you can be appointed as a collector, you will be required to enter into an agreement with us that sets out the duties and conditions of your appointment. You may also be required to provide an unconditional letter of credit from a recognized Canadian financial institution.

If you are not approved for appointment as a collector, we will send you a letter explaining why your application was denied and how to appeal the decision if you disagree.

If you are not appointed as a collector, you must not sell fuel within BC for the first time after it is manufactured in, or imported into, BC. The only exception to this is outlined above under Exception for Fuel Imported by Ship.

In all other situations, if you sell fuel within BC for the first time after it is manufactured in, or imported into, BC and you are not appointed a collector with respect to that type of fuel, you may be charged a penalty equal to the amount of security you should have paid if you had been a collector under the *Motor Fuel Tax Act* or the *Carbon Tax Act* (or both). If you continue to wilfully sell fuel without an appointment, we may charge you an additional penalty equal to the amount of security you should have paid as if none of your sales were made exempt from security, motor fuel tax or carbon tax. In addition, you may be liable to a fine of up to \$10,000 or imprisonment for up to 2 years (or both).

If you have been selling fuel within BC for the first time after it is manufactured in, or imported into, BC without being appointed a collector, contact us immediately. You may be eligible for a retroactive collector appointment.

Suspension and Cancellation of Collector Appointments

Your appointment as a collector may be suspended or cancelled for not complying with the *Motor Fuel Tax Act*, *Carbon Tax Act* or regulations, or for not meeting the duties and conditions set out in your agreements.

If your appointment as a collector is suspended or cancelled under either Act, your appointment will be automatically suspended or cancelled under the other Act. If your appointment as a collector is suspended or cancelled, you must not sell fuel you manufactured in, or imported into, BC.

You may appeal the cancellation of your appointment if you disagree with the decision.

Security and Tax

If you are appointed a collector, you must pay security to us equal to the amount of tax that would have been collected if the fuel was sold to an end purchaser. This is to protect tax revenue and reduce the number of businesses that need to file tax returns and remit taxes to us.

For information on the current motor fuel and carbon tax rates that apply to fuels used in internal combustion engines, the motor fuel tax rate that applies to propane and the carbon tax rates that apply to other fuels and combustibles, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

The following provides a detailed summary of the security and tax process, and the responsibilities of fuel sellers and end purchasers.

Collectors

As a collector, you:

- Must pay security to us on fuel you sell for the first time in BC after you manufacture it in, or import it into, BC
- Must collect tax on retail sales of fuel you sell to end purchasers
- May retain the security that must be paid to you by deputy collectors and retail dealers and any tax you collect from end purchasers up to the amount of the security you paid on the fuel
- Must remit to us any security you are paid or tax you collect that exceeds the amount of security you paid on the fuel

Deputy Collectors

As a deputy collector, you:

- Must pay security to collectors or other deputy collectors when you purchase fuel in BC from them for resale
- May retain the security that must be paid to you by other deputy collectors and retail dealers up to the amount of the security you paid on the fuel
- Must remit to us any security you are paid that exceeds the amount of security you paid on fuel
- May apply for a refund if the amount of security you paid (to your supplier) is more than the amount of security you received or tax you collected when you sold the fuel (see Refunds below)

Retail Dealers

As a retail dealer, you:

- Must pay security to collectors and deputy collectors when you purchase fuel in BC from them for resale
- Must collect tax on your retail sales of fuel you sell to end purchasers
- May retain the tax you must collect from end purchasers up to the amount of the security you paid on the fuel
- Must remit to us any amount of tax you collect that exceeds the amount of security you paid on fuel
- May apply for a refund if the amount of security you paid (to your supplier) is more than the amount of tax you collected when you sold the fuel (see Refunds below)

End Purchasers

As an end purchaser, you:

- Must pay tax to the retail dealer of the fuel, unless a specific exemption applies (see Non-Taxable Sales below)

Exceptions to the Requirement to Pay Security

The following are the only exceptions to the requirement of collectors, deputy collectors and retail dealers to pay security.

- We specifically exempt you, in writing, from the requirement to pay the security. If you are selling the fuel in BC to another fuel seller, they also need to be exempted by us in writing from paying security to you on that fuel, otherwise they need to pay you security and you need to remit that security to us.
- Effective March 1, 2016, you are:
 - a collector who sells fuel to a deputy collector or retail dealer who is exempt from paying security on that fuel, or

- a deputy collector who purchases fuel you will sell outside of BC, provided the fuel is to be removed from BC by:
 - the collector or deputy collector that sold you the fuel,
 - a person acting on behalf of the collector or deputy collector that sold you the fuel, or
 - a common carrier, if the contract with the common carrier for the removal of the fuel is entered into at the time you buy the fuel.
- The fuel is sold from one collector to another collector and both collectors:
 - are appointed as refiner collectors,
 - are collectors for the same type or subcategory of a type of fuel, and
 - own and operate a crude oil refinery in Canada.For more information on refiner collectors, please contact us.
- The fuel is sold in the following specific sizes and types of containers:
 - for motor fuel tax, propane sold in:
 - a sealed, pre-packaged container that holds not more than 4 litres, or
 - a sealed, pre-filled cylinder that is designed to hold not more than 28 litres (approx. 30lbs),
 - for carbon tax, any fuel sold in a sealed, pre-packaged container that holds not more than 4 litres.
- A collector sells the fuel directly to a purchaser who is not required to pay tax on the fuel (see Non-Taxable Sales below).

Note: In all of the above circumstances you must keep records to support why you did not pay security. If you are a retail dealer of fuel located on First Nations land and wish to purchase fuel for resale to eligible First Nations without paying security, see [Bulletin MFT-CT 002, Sales to First Nations and the Fuel Tax Exemption Program](#).

Reporting and Paying Security

Filing Returns and Making Payments

Collectors

If you are a collector, you must report your sales and pay the security due to us on fuel you sell in BC for the first time after it is manufactured in, or imported into, BC.

Collector Tax Returns

You use the *Generic Motor Fuel Tax Return* to report your sales and pay the motor fuel tax security due. You use the *Collector Carbon Tax Return* to report your sales and pay the carbon tax security due.

You must submit your collector tax returns **even if** there is no fuel activity during the reporting period. As a collector, you must also report the purchase and sale of fuels for which you are a deputy collector or retail dealer. This allows you to offset the amount of security to be paid by claiming the amount of any refunds or credits to which you may be entitled. These refunds or credits may arise as a result of you paying security on fuel purchased within BC and selling the fuel at a lower rate, or exempt from security or tax (see Non-Taxable Sales below).

Other Tax Returns - All Fuel Sellers (Collectors, Deputy Collectors, Retail Dealers)

As a collector, if you sell clear gasoline or clear diesel fuel within the South Coast British Columbia transportation service region (SCTA or TransLink) or the Victoria regional transit service area (VRTA), you must report those sales and pay security equal to the dedicated motor fuel taxes due to us.

As a deputy collector, if you purchase clear gasoline or clear diesel within BC but outside the SCTA or VRTA (where dedicated taxes do not apply), and then resell the fuel inside the SCTA or VRTA (where the dedicated taxes do apply), you must report those sales and remit the additional amount to us. The additional amount is the difference between the security you paid outside the SCTA or VRTA and the total security received (including the dedicated motor fuel taxes) on your sales within the SCTA or VRTA.

As a retail dealer, if you purchase clear gasoline or clear diesel within BC but outside the SCTA or VRTA (where dedicated taxes do not apply), and then resell the fuel inside the SCTA or VRTA (where the dedicated taxes do apply), you must report those sales and remit the additional amount to us. The additional amount is the difference between the security you paid outside the SCTA or VRTA and the total taxes collected (including the dedicated motor fuel taxes) on your sales within the SCTA or VRTA.

In all cases, you use the *South Coast British Columbia Transportation Tax Return* ([FIN 427](#)) or the *British Columbia Transit (Victoria) Tax Return* ([FIN 450](#)) to report and pay the amount owing. For information on these dedicated taxes and the boundaries for the SCTA and VRTA, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

How to File and Pay

You can file your returns and pay your security or remit tax owing:

- Online using [eTaxBC](#)
- By mail or courier using the following forms available on our website:
 - [Generic Motor Fuel Tax Return](#)
 - [Collector Carbon Tax return \(FIN 175\)](#)

- *South Coast British Columbia Transportation Tax Return* ([FIN 427](#))
- *British Columbia Transit (Victoria) Tax Return* ([FIN 450](#))

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 mail - attach a note or letter to your return
- By email to FuelTax@gov.bc.ca

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 Dates below) to avoid penalty and interest charges. Penalty and interest may also apply to any unpaid amounts if we find that the amount of credit available at the time of transfer was incorrect.

Reporting Periods

Reporting periods are monthly or quarterly and are established when you are appointed as a collector. If you are not a collector but are required to remit transit taxes, your reporting period is established after you have filed your first *South Coast British Columbia Transportation Tax Return* ([FIN 427](#)) or *British Columbia Transit (Victoria) Tax Return* ([FIN 450](#)).

Your reporting period is based on the annual amount of security you must pay to us under each Act as follows:

- Less than \$120,000 – quarterly reporting (January 1 – March 31, April 1 – June 30, July 1 – September 30, October 1 - December 31)
- \$120,000 or more – monthly reporting

If you must report and pay security for both motor fuel tax and carbon tax, and the amounts of the security result in a different reporting frequency for each tax type, we will adjust your reporting periods so they are consistent.

Once your filing period is assigned, you will receive a reminder in the mail prior to each remittance due date. If you have an [eTaxBC](#) account, you will receive your reminder by email.

Deputy Collectors and Retail Dealers

If you are a fuel seller who is only a deputy collector or retail dealer (you are not a collector) and you do not sell clear gasoline or clear diesel fuel inside the SCTA or VRTA, you are not required to submit tax returns, except an inventory return if there is a tax rate change (see Tax Rate Changes below).

If you paid security on fuel and you sell that fuel to another deputy collector or retail dealer at a lower rate or exempt from security, or sell that fuel to an end purchaser at a lower rate or exempt from tax, you may apply for a refund of the difference (see Refunds below).

Due Dates

As a collector, you must file tax returns and pay the security due to us by the **15th day** of the month following the reporting period in which you sold the fuel for the first time after it was manufactured in, or imported into BC. If you are required to remit additional amounts for sales within the SCTA and VRTA, you must remit any additional tax or security to us by the 15th day of the month following the reporting period in which you sold 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 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 return and payment by mail, it is considered on time if the envelope is postmarked by Canada Post (or national equivalent if outside Canada) on or before the due date. A business postage meter mark is not sufficient. If you mail your 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.

Your payment 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 security or 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.

Note:

- If you identify an error in a tax return from a previous reporting period, you must submit an amended return for that reporting period. If you identify errors that cover multiple years or reporting periods, please email us at FuelTax@gov.bc.ca to determine if we can reduce the number of amended returns that need to be submitted.
- If you are a collector for gaseous products other than natural gas (e.g. propane, butane, pentanes plus, gas liquids etc.) and sell through a third party, and the third party does not provide the volume of gaseous product delivered to your customers until after your return due date, you may report the sales and pay security based on your billing cycle. You must obtain approval from us prior to reporting based on a billing cycle.

For example, gas liquids are delivered to your customer in June by a third-party common carrier (e.g. a pipeline company). You get a customer delivery statement from the pipeline company on July 17 and issue a July billing/sales invoice to your customer. Instead of reporting the June deliveries on your June return, which was due July 15, you report these billings on your July return, which is due August 15.

Non-Taxable Sales

Collectors and retail dealers are not required to collect motor fuel tax or carbon tax on fuel sold in BC to end purchasers in the circumstances listed below.

Motor Fuel Tax and Carbon Tax

You are not required to collect motor fuel tax or carbon tax on sales of fuel if:

- You export the fuel and then sell the fuel to an end purchaser outside of BC
- You sell to an end purchaser who is a registered consumer for locomotive fuel under the *Motor Fuel Tax Act* and for light fuel oil (LFO) – locomotive fuel under the *Carbon Tax Act* (see [Bulletin MFT-CT 004](#), *Registered Consumers*)

- You sell to an end purchaser who is an eligible First Nations purchaser and title to the fuel passes on First Nations land (see [Bulletin MFT-CT 002](#), *Sales to First Nations and the Fuel Tax Exemption Program*)
- You sell to an end purchaser who is a qualifying farmer purchasing coloured fuel and certain conditions are met (see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*)
- You sell to an end purchaser who is purchasing marine diesel fuel under the *Motor Fuel Tax Act* (effective April 1, 2018) or any fuel under the *Carbon Tax Act* for use in:
 - an interjurisdictional cruise ship, or
 - in a ship prohibited from coasting trade under the *Coasting Trade Act* (Canada)
- You sell to an end purchaser who is a visiting force or member of the diplomatic and consular corps (see [Bulletin CTB 007](#), *Exemption for Members of the Diplomatic and Consular Corps*)

Motor Fuel Tax

You are not required to collect motor fuel tax on sales of fuel if:

- You sell to an end purchaser who is a registered consumer for jet fuel purchased by an international air service under the *Motor Fuel Tax Act* (see [Bulletin MFT-CT 004](#), *Registered Consumers*)
- You sell to an end purchaser who is purchasing marine bunker fuel for use in an internal combustion engine on a ship
- You sell to an end purchaser who is purchasing marine diesel fuel for use in a turbine engine that propels a commercial passenger or cargo ship
- You sell to an end purchaser who is purchasing propane in:
 - a sealed or pre-packaged container that holds not more than 4 litres, or
 - a pre-filled or refilled cylinder designed to hold not more than 28 litres (approx. 30 lbs)
- You sell to an end purchaser who is purchasing propane for use in a residential dwelling unit and certain conditions are met (see [Bulletin MFT 014](#), *Propane Exemptions*)
- You sell to a qualifying farmer who is purchasing propane for a farm purpose and certain conditions are met (see [Bulletin MFT 014](#), *Propane Exemptions*)
- You sell to an end purchaser who is **not** going to be using the fuel in an internal combustion engine. For example, you are selling:
 - coloured heating oil
 - non-motor fuel oil (clear or coloured)

- another substance (e.g. solvent) that is chemically identical to gasoline or another type of fuel if the substance is marketed or sold for a use other than in an internal combustion engine

Note: If you are selling non-motor fuel oil or another substance that is chemically identical to a fuel but will not be used in an internal combustion engine, you must obtain from the purchaser a *Certificate of Exemption – Substances Sold for Use Other than in Internal Combustion Engines* ([FIN 480](#)). The only exceptions to this are sales of coloured heating oil and propane.

If a fuel is sold for any purpose other than for use in an internal combustion engine, carbon tax and provincial sales tax (PST), and in some cases the ICE Fund tax, apply to the fuel unless a specific exemption applies.

For more information, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels* and [Bulletin MFT 014](#), *Propane Exemptions*.

Carbon Tax

You are not required to collect carbon tax on sales of fuel if:

- You sell to an end purchaser who is purchasing for their own use outside BC, provided the fuel is to be removed from BC by:
 - the fuel seller who sold the fuel,
 - a person acting on behalf of the fuel seller, or
 - a common carrier, if the contract with the common carrier for the removal of the fuel has been entered into by the end purchaser at the time of the purchase
- You sell to an end purchaser who is a registered consumer for a specific type of fuel, as indicated on their *Registered Consumer Certificate*, such as:
 - interjurisdictional air services
 - businesses that use fuel for an exempt purpose, such as a feedstock (see [Bulletin MFT-CT 004](#), *Registered Consumers*)
- You sell to an end purchaser who is a registered air service or registered marine service (see [Bulletin CT 005](#), *Commercial Air or Marine Services*)
- You sell to an end purchaser who is purchasing the fuel in a sealed, pre-packaged container that holds not more than 4 litres

In all of the above circumstances (except sales of coloured heating oil, fuel sold in specific sizes and types of containers and cylinders as noted above, and propane for

residential dwellings), you must collect and record specific information to support not collecting tax on these non-taxable sales. This may include:

- Copies of certificates of exemption, e.g. *Certificate of Exemption – Substances Sold for Use Other than in Internal Combustion Engines* (**FIN 480**)
- Copies of registered consumer certificates and registered air or marine service certificates
- The name and registry number shown on a customer's *Certificate of Indian Status* card
- The name, address, card number and expiry date shown on a customer's Farmer Identity Card issued by the BC Agricultural Council or a completed *Certificate of Exemption – Farmer* (**FIN 458**)
- The name of the cruise ship or ship prohibited from coasting trade
- Copies of common carrier contracts (proof the fuel was exported)

If you cannot collect and record sufficient information or documentation, you must collect motor fuel tax and carbon tax from the end purchaser.

Collectors must report these non-taxable sales and provide a breakdown by exemption type as separate lines on their motor fuel and carbon tax returns. Deputy collectors and retail dealers must provide similar information on their motor fuel and carbon tax refund application forms.

Additional Responsibilities for Fuel Sellers

Reporting Tax on Sales Invoices

You must provide a fuel sales invoice if you sell fuel:

- From a bulk storage facility, cardlock or terminal rack
- For resale to another fuel seller
- To a registered consumer, registered air service or registered marine service
- To an end purchaser who is purchasing more than 45 litres of coloured fuel
- To a farmer who is purchasing coloured fuel
- To a customer who requests an invoice

The invoice must show:

- The date of the sale
- Your name and address
- The location of the sale if different than above and, if applicable, where the fuel was delivered

- The name and address of the person you sold the fuel to
- The quantity of each type of fuel sold
- The motor fuel tax and carbon tax rates for each type of fuel sold, as separate lines or columns on the invoice
- If the fuel is coloured, indicate as “marked” or “dyed”, and the price of the coloured fuel per unit of sale
- If the fuel is coloured and sold to a farmer, whether motor fuel tax and carbon tax were included in the sale

Re-labelling Fuel

Re-labelling fuel is purchasing one type of fuel and then selling it as another type of fuel, or as another substance (i.e. not for use in an internal combustion engine) at either the same or at a lower tax rate. Re-labelling fuel is different from colouring fuel (e.g. dyeing clear diesel to create coloured diesel).

The authority of fuel sellers to re-label varies based on the:

- Type of business
- The initial fuel type or substance
- The final fuel type or substance sold

The rules for re-labelling fuel are set out below.

| Business Type | Rules |
|--|---|
| You are a collector or other fuel seller specifically authorized by us | You may re-label: <ul style="list-style-type: none"> • One type of fuel and then sell it as another type of fuel at the same tax rate (e.g. marine diesel to locomotive fuel) or at a lower tax rate (e.g. clear diesel to locomotive fuel). |
| You are authorized to colour (dye) fuel and to sell coloured fuel | You may re-label: <ul style="list-style-type: none"> • A substance purchased as clear non-motor fuel oil and sell it as heating oil if you colour the substance before it is sold. |

| Business Type | Rules |
|--|--|
| You are authorized to sell coloured fuel | <p>You may re-label:</p> <ul style="list-style-type: none"> • Coloured diesel and sell as heating oil. • A substance purchased as coloured non-motor fuel oil and sell it as heating oil if the substance was coloured when you purchased it. • Coloured diesel and sell it as locomotive fuel if you sell to a registered consumer and the invoice shows that coloured diesel is being sold for use in a locomotive (e.g. coloured diesel sold as locomotive fuel). |
| All fuel sellers | <p>You may re-label:</p> <ul style="list-style-type: none"> • Fuel, except propane, and sell it as a substance for a use other than in an internal combustion engine (e.g. clear diesel to clear non-motor fuel oil). <p>You must not re-label:</p> <ul style="list-style-type: none"> • A lower-taxed fuel and sell it as a higher-taxed fuel (e.g. re-label locomotive fuel and sell it as clear diesel). The only exceptions to this are blending small quantities of other fuels as additives. For example, jet fuel blended with clear diesel to sell as winter diesel, or butane blended with gasoline to sell as higher octane gasoline. • A substance such as heating oil or non-motor fuel oil and sell it as a fuel for use in an internal combustion engine. • Heating oil and sell it as non-motor fuel oil. |

Note: Specific certification and invoicing requirements apply to sales of these fuels and substances. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.

Sales of Coloured Fuel

Coloured fuel is taxed at a lower rate and may only be used for specific purposes, such as in portable generators, in road-building machinery, logging trucks, farm tractors or industrial machinery when not used on a public road or highway.

Businesses must apply for authorization to colour fuel and sell coloured fuel, including coloured marine diesel and coloured locomotive fuel. If you are selling coloured fuel to a person who will be reselling the fuel, you must ensure that they are also authorized to sell coloured fuel.

There are additional certification and invoicing requirements for sales of coloured fuel, including sales of coloured fuel to an end purchaser.

For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.

Sales of Marine Diesel or Locomotive Fuel

Marine diesel (clear or coloured) and locomotive fuel (clear or coloured) are similar to coloured fuel; they are taxed at a lower rate and may only be used for specific purposes. As with coloured fuel, there are additional certification and invoicing requirements for sales of these fuels. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.

Record Keeping

The *Motor Fuel Tax Act* and *Carbon Tax Act* require that you keep all your records and documents in BC for 5 years.

Tax Rate Changes

If there is a tax rate change, you must report and pay any additional security due to us on fuel inventory you own, or are deemed to own, on which you have paid, or will be paying, security to your supplier (i.e. acting as a deputy collector or retail dealer).

If you are a deputy collector or retail dealer, you are deemed to own a type of fuel at 12:01 am on the day of a tax rate change if:

- you have entered into an **agreement to purchase fuel** and the agreement provides that you own the fuel at 12:01 am on the date of the rate change,
- you have not received delivery of the fuel before that time, and
- you have not entered into an agreement with another person that provides that the other person owns the fuel on the date of the rate change.

For a scheduled carbon tax rate change, if you are a retail dealer, you are also deemed to own a type of fuel at 12:01 am on the day of a tax rate change if:

- you have entered into an **agreement to sell fuel** to an end purchaser, and
- the end purchaser has not received delivery of the fuel.

When motor fuel tax rates change, you use the *Motor Fuel Tax Inventory Return* to report your inventory and pay the amount of additional security due. This return will be available online through your [eTaxBC](#) account or as a printable form on our website.

When carbon tax rates change, you use the *Carbon Tax Inventory Return* to report your inventory and pay the amount of additional security due. This return will be available online through your [eTaxBC](#) account or as a printable form on our website.

Under the *Carbon Tax Act*, you are entitled to an inventory allowance of \$250 for calculating and reporting the fuel inventory you own, or are deemed to own, for resale purposes, provided you:

- file your inventory return and make any payment due on or before the due date, and
- have fuel inventory and the capacity to store at least 1,000 litres of fuel.

You deduct this inventory allowance from the additional security you owe and pay the remaining amount of security to us.

Self-Assessing Tax on Fuel for Your Own Use

You must report and pay motor fuel tax and carbon tax on fuel manufactured or imported for your own use. For more information, see [Bulletin MFT-CT 006](#), *Self-Assessing Motor Fuel and Carbon Tax*.

Fuel Sellers Website

If you sell coloured fuel to another fuel seller, sell fuel exempt from security to an exempt fuel retailer or sell fuel exempt from tax to registered consumers, registered air services or registered marine services, you should check our [website](#) on the first business day of each month to verify that the status of your customers' certificates, permits and authorizations have not changed.

Specifically, you can verify that:

- The status of your customers' certificates, permits or authorizations are active (i.e. not suspended or cancelled)
- The types of fuel and the percentage at which your customers are authorized to purchase exempt from security or tax are correct
- Any other changes, such as a change of business name

If your customer's certificate, permit or authorization has been suspended or cancelled, you must not sell fuel to them exempt from security or tax. If you do, you may not receive a refund for the difference between the security you paid and the amount of security or tax you collected on that fuel.

If your customer's authorization to sell coloured fuel at a specific location(s) has been suspended or cancelled, you must not sell coloured fuel to this customer as you will be in violation of your agreement with us.

If either you or your customer disagrees with the status of the certificate, permit or authorization displayed on our website, contact us for confirmation.

Refunds

As a deputy collector or retail dealer, if you paid security on fuel and you sell that fuel at a lower rate or exempt from security or tax you may apply for a refund of the difference as follows.

- If you are also a collector, you may claim a refund on your regular motor fuel or carbon tax return, as applicable, by deducting the refund amount you are claiming from the amount of the security due on the return for the same reporting period.
- If you are only a deputy collector or retail dealer, you may apply for a refund using an:
 - *Application for Refund of Carbon Tax - Deputy Collector or Retail Dealer* ([FIN 143](#)), or
 - *Application for Refund of Motor Fuel Tax - Deputy Collector or Retail Dealer* ([FIN 152](#)).

The documentation you must include with your application is detailed on these forms. For more information on refunds of carbon tax, see [Bulletin MFT-CT 007](#), *Refunds for Deputy Collectors and Retail Dealers*.

Your refund claim must be received by us within 4 years of the date you paid the security (i.e. the fuel purchase date). Claims for amounts of less than \$10 **are not** eligible for a refund.

Need more info?

Online: gov.bc.ca/salestaxes

Toll free: 1 877 388-4440

Email: CTBTaxQuestions@gov.bc.ca

Subscribe to our [What's New](#) page to receive email updates when information changes.

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

Latest Revision

October 2018

- Added information on the rules for re-labelling fuel
 - Minor revisions
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