

Ministry of Finance

Tax Bulletin



ISSUED: August 2011 REVISED: April 2018

Bulletin MFT-CT 004

[Subscribe](#)

gov.bc.ca/salestaxes

Registered Consumers

Motor Fuel Tax Act and Carbon Tax Act

Latest Revision: The revision bar (|) identifies changes to the previous version of this bulletin dated June 2017. For a summary of the changes, see Latest Revision at the end of this document.

This bulletin explains the requirements for becoming a registered consumer under the *Motor Fuel Tax Act* or the *Carbon Tax Act* (or both), and the associated responsibilities.

Only certain types of businesses can become registered consumers. If you are an international air service, an interjurisdictional air service or interjurisdictional railway, or you use at least 50% of a type of fuel for an exempt purpose, this bulletin may apply to you.

This bulletin does not apply if you are a commercial airline that has flights connecting two locations in BC; however, you may still qualify to become a registered air service and purchase aviation or jet fuel without paying carbon tax at the time of purchase. For more information, see [Bulletin CT 005](#), *Commercial Air or Marine Services* (the bulletin also explains how to apply for a refund if you are not a registered air service and you use fuel for an exempt purpose).

This bulletin also does not apply to interjurisdictional cruise ships that have scheduled ports of call outside of 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. If the fuel used in the operation of these ships is marine bunker fuel or marine gas oil, the fuel may also be exempt from motor fuel tax. For more information, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

Table of Contents

Overview.....	2
Qualifying as a Registered Consumer	2
How to Apply.....	4
Responsibilities	5
Refunds	8

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.

Note: Motor fuel tax applies to propane in all cases, unless a specific exemption applies. Provincial sales tax (PST), except 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*.

A registered consumer is authorized to purchase specific types of fuel without paying motor fuel or carbon tax or both at the time of purchase in BC. For example, a registered consumer that is an interjurisdictional air service can purchase aviation or jet fuel without paying carbon tax at the time of purchase, and a registered consumer that is an international air service can purchase jet fuel without paying motor fuel tax at the time of purchase.

A registered consumer is required to self-assess (pay directly to us) the motor fuel tax or carbon tax or both for the type of fuel indicated on their *Registered Consumer Certificate* that they use for a taxable purpose in BC. Registered consumers must only use their registered consumer certificates to purchase fuel they will use (i.e. they cannot use their certificates to purchase fuel for resale purposes).

Qualifying as a Registered Consumer

Interjurisdictional Rail Service

You may apply for registration as a registered consumer under both the *Motor Fuel Tax Act* and *Carbon Tax Act* if you are an interjurisdictional rail service. You are an interjurisdictional rail service if you own or operate a commercial rail service that provides interprovincial (e.g. BC to Alberta) or international (e.g. BC to Washington) rail transportation of passengers or goods to the public for a fee.

International Air Service

You may apply for registration as a registered consumer under the *Motor Fuel Tax Act* if you are an international air service. You are an international air service if you own or operate a commercial air service that:

- provides international air transportation (e.g. BC to Washington) of passengers or goods to members of the public for a fee, or
- provides international air services (e.g. BC to Washington) other than the transportation of passengers or goods to members of the public for a fee,
- does not have flights that connect two locations in the province (e.g. Vancouver to Prince George) or that connect a location in the province with another location in Canada (e.g. BC to Alberta), and
- holds 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 or operated by you.

Interjurisdictional Air Service

You may apply for registration as a registered consumer under the *Carbon Tax Act* if you are an interjurisdictional air service. You are an interjurisdictional air service if you own or operate a commercial air service that:

- provides interprovincial or international air transportation (e.g. BC to Alberta, BC to Washington) of passengers or goods to members of the public for a fee, or
- provides interprovincial or international air services (e.g. BC to Alberta, BC to Washington) other than the transportation of passengers or goods (e.g. aerial surveying or spraying) to members of the public for a fee,
- does not have flights that connect two locations in the province (e.g. Vancouver to Prince George), and
- holds 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 or operated by you.

Use of Fuel That is Not Combusted

You may apply for registration as a registered consumer under the *Carbon Tax Act* if you are an individual or business that uses a type of fuel that is not combusted when used for the following exempt purposes:

- As a raw material in an industrial process to:
 - produce or upgrade another fuel, or
 - manufacture another substance
- As a raw material to manufacture anodes for use 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 anti-freeze 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
- As a refrigerant in a closed system in the processing of natural gas

In addition, you used at least 50% of that specific type of fuel for one or more of the exempt purposes listed above during the prior year.

Other non-combusted uses of fuel are subject to carbon tax.

How to Apply

To apply for registration as a registered consumer under the *Carbon Tax Act*, you need to complete and send in an *Application for Registration as a Registered Consumer under the Carbon Tax Act* ([FIN 164](#)).

To apply for registration as a registered consumer under the *Motor Fuel Tax Act*, you need to complete and send in an *Application for Registration as a Registered Consumer under the Motor Fuel Tax Act* ([FIN 165](#)).

Before being registered as a registered consumer, you will be required to 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 as a registered consumer, we will send you two copies of each 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 as a registered consumer, we will send you a *Registered Consumer Certificate*, which will include your name, address, registration number and the type of fuel you may purchase exempt.

If you are not approved for registration as a registered consumer, 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 will be required to pay motor fuel or carbon tax or both on fuel you purchase in the province. You may apply for a refund of tax on the portion of the fuel you use for an exempt purpose (see Refunds below).

Responsibilities

Purchasing Fuel

You may purchase a specified fuel type without paying the motor fuel tax or carbon tax or both at the time of purchase by providing the supplier with a copy of your *Registered Consumer Certificate*, or your registered consumer number and fuel type.

Paying Motor Fuel Tax or Carbon Tax

As a registered consumer, you must self-assess motor fuel or carbon tax or both when you use the type(s) of fuel indicated on your certificate for a taxable purpose (e.g. fuel used in a flight connecting two locations within BC). This includes fuel you purchase exempt in BC, as well as fuel you manufacture in, or import into, BC.

You are also required to self-assess motor fuel or carbon tax or both 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 Consumer Certificate* (e.g. you import another type of fuel or combustible you use for a taxable purpose), you are required to self-assess motor fuel tax or carbon tax or both on that fuel or combustible. For information, see [Bulletin MFT-CT 006](#), *Self-Assessing Motor Fuel and Carbon Tax*.

Reporting Periods

When we register you as a registered consumer, your reporting period will be based on the annual amount of motor fuel or carbon tax you are expected to self-assess 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

Once your reporting 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.

Note: If you are a commercial air service that is a registered consumer under the *Motor Fuel Tax Act*, and all the fuel you use in a given reporting period is for flights that do not connect two locations in Canada, you are **not** required to file a motor fuel tax return for that reporting period.

If you are a commercial air service that is a registered consumer under the *Carbon Tax Act*, and all the fuel you use in a given reporting period is for flights that begin or end in BC and do not connect two locations in the province, you are **not** required to file a carbon tax return for that reporting period.

All other registered consumers must file a motor fuel tax or carbon tax return or both for each reporting period, even for periods in which no tax is payable.

Tax Returns and Payments

If you are a registered consumer under the *Motor Fuel Tax Act*, you use the *Generic Motor Fuel Tax Return* to self-assess the motor fuel tax due.

If you are a registered consumer under the *Carbon Tax Act*, you use the *Registered Consumer 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.

How to File and Pay

You can file returns and pay your tax:

- Online using [eTaxBC](#)
- By mail or courier using the [Generic Motor Fuel Tax Return](#) or the *Registered Consumer Carbon Tax Return (FIN 176)* (or both) 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 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.

Due Date

You are required to file your return and pay any motor fuel tax or carbon tax or both due to us by the **15th day** of the month following the reporting period in which you used the fuel for a taxable purpose. 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 a registered consumer other than a commercial air service and you are filing a nil tax return, you may fax it but it must be received by us by 11:59 pm on the due date.

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

Suspension and Cancellation of Registered Consumer Registrations

Your registration as a registered consumer may be suspended or cancelled for not complying with the *Motor Fuel Tax Act* or *Carbon Tax Act* or regulations, or for not meeting the duties or conditions set out in your agreement(s). If your registration is suspended or cancelled, you will be required to pay the motor fuel tax or carbon tax or both on the fuel you purchase in BC. You may apply for a refund of tax on the portion of the fuel you use for an exempt purpose, such as on an international flight or as a feedstock.

Refunds

If you pay motor fuel tax or carbon tax or both on fuel you purchase in the province, you may apply for a refund of tax on the portion of the fuel you use for an exempt purpose.

You do this using the applicable tax return noted above under Tax Returns and Payments (i.e. the *Generic Motor Fuel Tax Return* or the *Registered Consumer Carbon Tax Return*).

Your refund claim must be received by us within four years of the date that you paid tax (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

April 2018

- Removed annual filing as a possible reporting period. Available reporting periods are now monthly or quarterly, depending on the amount of motor fuel or carbon tax you are expected to self-assess. The change in reporting period may be reviewed at a later date, subject to the regulations being amended to establish a reporting period from April 1 to March 31.