

## Registered Consumers

### *Motor Fuel Tax Act and Carbon Tax Act*

**Do you operate an interjurisdictional air service or interjurisdictional rail service, or use at least 50% of a type of fuel for an exempt purpose?**

**Do you know if you qualify to become a registered consumer under the *Motor Fuel Tax Act* and/or the *Carbon Tax Act*?**

This bulletin explains the requirements for becoming a registered consumer under the *Motor Fuel Tax Act* and/or the *Carbon Tax Act*, and the associated responsibilities. Only certain types of businesses can become registered consumers. If you are 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 to commercial airlines that operate primarily outside of British Columbia but have flights between two points in British Columbia. These businesses may apply to become a registered air service. For information on becoming a registered air service or registered marine service, please see [Notice 2008-018](#), *Registered Air Service and Registered Marine Service*.

This bulletin also does not apply to interjurisdictional cruise ships that have scheduled ports of call outside of British Columbia, 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, please see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

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## Overview

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Carbon tax is a broad based tax that applies to the purchase or use of fuels, such as gasoline, diesel, natural gas, heating fuel, propane and coal. Carbon tax also applies to 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.

For a complete list of the fuels and combustibles subject to motor fuel tax and carbon tax, and their tax rates, please see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

A registered consumer is authorized to purchase specific types of fuel without paying motor fuel and/or carbon tax at the time of purchase in British Columbia. 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 interjurisdictional rail service can purchase locomotive fuel without paying motor fuel tax and carbon tax at the time of purchase.

A registered consumer is required to self-assess and pay the motor fuel tax and/or carbon tax for the type of fuel indicated on their *Registered Consumer Certificate* that they use for a taxable purpose in British Columbia.

## Qualifying as a Registered Consumer

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You may apply for registration as a registered consumer under both the *Motor Fuel Tax Act* and *Carbon Tax Act* if you own or operate a commercial rail service that offers interprovincial or international rail transportation of passengers and/or goods to the public for a fee.

You may apply for registration as a registered consumer under the *Carbon Tax Act* if you:

- a) 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 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 in any commercial service, 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.

b) use a type of fuel that is not combusted when used for the following exempt purposes:

- as a raw material (feedstock) used in an industrial process,
- 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,
- in down-hole operations at a well site,
- to remove natural gas liquids or impurities in the processing of natural gas,
- as an anti-freeze in a natural gas pipeline (effective September 2, 2009),
- as a refrigerant in a closed system in the processing of natural gas, and

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.

## 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* ([FIN 164](#)).

To apply for registration as a registered consumer as an interjurisdictional railway under the *Motor Fuel Tax Act*, you need to send in a letter to the director.

Before being registered as a registered consumer, you will be required to enter into an agreement with the ministry that sets out the duties and conditions of your registration. This may include providing an unconditional letter of credit from a recognized Canadian financial institution.

If you are conditionally approved for registration as a registered consumer, the ministry will send you two copies of each agreement. If you agree with the duties and conditions, you must sign and return both copies to the ministry. 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, the ministry 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, the ministry 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 and/or carbon tax 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 the section below, Refunds).

## **Responsibilities of Registered Consumers**

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### **Purchasing Fuel**

You may purchase a specified fuel type without paying the motor fuel tax and/or carbon tax 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.

If you subsequently use a non-motor fuel as a motor fuel, you must self-assess and remit the motor fuel tax due. Failure to self-assess the tax due may result in an assessment for tax due, interest and penalties.

### **Tax Returns and Payments**

You are required to self-assess and pay the motor fuel tax and/or carbon tax for the type of fuel indicated on your *Registered Consumer Certificate* that you use for a taxable purpose in British Columbia. This includes fuel you purchase exempt in British Columbia, as well as fuel you manufacture in or import into British Columbia.

If you are a registered consumer under the *Motor Fuel Tax Act* (i.e. an interjurisdictional rail service), you use the *Generic Fuel Collector Summary Form - Diesel and Related Products (FTD-TAX)* to report and remit the motor fuel tax due. Please contact the ministry if you need this form.

If you are a registered consumer under the *Carbon Tax Act*, you use the *Carbon Tax Return - Registered Consumers* form ([FIN 176](#)) to report and remit the carbon tax due.

If you use any type of fuel in British Columbia that is not indicated on your *Registered Consumer Certificate* (e.g. you import another type of fuel or combustible that you use for a taxable purpose), you are required to self-assess and pay motor fuel tax and/or carbon

tax on that fuel or combustible. For information, please see [Bulletin MFT-CT 006](#), *Self-Assessing Motor Fuel and Carbon Tax*.

## Reporting Periods

When the ministry registers you as a registered consumer, your reporting period will be based on the annual amount of motor fuel and/or carbon tax you are expected to self-assess and pay, as follows:

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

**Please note:** If you are a commercial air service that is a registered consumer and all the fuel you use in a given reporting period is for flights that begin or end in British Columbia that do not connect two points 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 and/or carbon tax return for each reporting period, even for periods in which no tax is payable.

## Tax Returns and Payments - Due Date

You are required to file your return and remit any motor fuel tax and/or carbon tax due to the ministry by the **15<sup>th</sup> day** of the month following the reporting period in which you used the fuel in the province.

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, request Canada Post to postmark the envelope immediately.

If the due date for the tax return and payment falls on a weekend or a British Columbia statutory holiday, the due date is the next business day.

If you hand deliver your tax return and payment, or send it by courier, it must be received by the ministry by the close of business (4:30 pm) on the due date.

In all cases, payments must be negotiable on or before the due date and payable in Canadian funds to the Minister of Finance.

If you are a registered consumer other than a commercial air service but no payment is due because no tax is due, you are still required to submit a **nil** tax return on time. You

may fax it on or before the due date but it must be received by the ministry 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.

## Suspension and Cancellation of Registered Consumer Registrations

Your registration as a registered consumer may be suspended or cancelled for non-compliance with the *Motor Fuel Tax Act* and/or *Carbon Tax Act* or regulations, or for failure to meet 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 and/or carbon tax on the fuel you purchase in British Columbia. You may apply for a refund of tax on the portion of the fuel you use for an exempt purpose, such as feedstock.

## Refunds

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If you pay motor fuel tax and/or carbon tax 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.

**Please note:** Under the *Motor Fuel Tax Act*, you may qualify for a tax refund on jet fuel purchased in British Columbia for an aircraft that carries cargo on international flights. For this refund type, an international flight is a flight that begins or ends outside of North America. Canada and the continental United States including Alaska, but not Hawaii, are considered North America. For more information, please see [Bulletin MFT-009, International Cargo Flights](#).

Refund forms are available on our website.

## Need more info?

Motor Fuel Tax and Carbon Tax website: [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/MotorFuelTax\\_CarbonTax/mft\\_ct.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.htm)

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Motor Fuel Tax Act*, *Carbon Tax Act* and the Regulations are on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/MotorFuelTax\\_CarbonTax/mft\\_ct.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.htm)