

Notice to Deputy Collectors and Retail Dealers

Fuel Inventory

Carbon Tax Act

Overview

Effective July 1, 2010, the carbon tax rates that apply to fuels in British Columbia will increase. These new rates will be in effect until June 30, 2011. Also effective July 1, 2010, propane is subject to the payment of security, like gasoline and light fuel oil, under the *Carbon Tax Act* when purchased for resale. For a complete list of the fuels subject to carbon tax and their tax rates, please see the schedule, [Carbon Tax Rates by Fuel Type](#).

This notice explains your responsibilities as deputy collectors (wholesale dealers) and retail dealers for calculating and remitting the security due on your fuel inventory, including propane. **This notice does not apply to natural gas sellers.**

You are a deputy collector or retail dealer if you have purchased fuel for resale, on which you have paid, or will be paying, security to your supplier as required under the *Carbon Tax Act*.

Reporting Fuel Inventory on July 1, 2010

If you are a deputy collector or retail dealer you are required to determine the amount of fuel, including propane, that you own immediately after midnight on June 30, 2010, and report it as inventory and pay the security due on that inventory. You must include all fuel that you own, or are deemed to own, as inventory for resale. You are deemed to own fuel immediately after midnight on June 30, 2010, if:

- you have entered into an agreement to buy fuel and the agreement provides that you own the fuel immediately after midnight on June 30, 2010,
- you have not received delivery of the fuel at that time, and
- you have not entered into an agreement with another person that provides that the other person owns the fuel at that time.

You are also deemed to own the fuel immediately after midnight on June 30, 2010, if:

- you are a retail dealer and you have entered into an agreement to sell fuel to an end purchaser before July 1, 2010, and
- the purchaser has not received delivery of the fuel before July 1, 2010.

Paying security

For fuels other than propane, you are required to remit as security an amount equal to the difference between the carbon tax rates in effect prior to July 1, 2010, and the carbon tax rates in effect July 1, 2010, multiplied by the volume of inventory on hand immediately after midnight on June 30, 2010.

For **propane**, you are required to remit security on the total tax rate and not just the difference because propane was previously exempt from security.

Allowance for reporting inventory

You are entitled to an allowance of \$250 for calculating and reporting your fuel inventory, provided you file your tax return and any payment due on, or before, the due date, and provided you have the capacity to store at least 1,000 litres of fuel. You deduct this allowance from the additional security you owe and remit the remaining amount of security to the ministry.

If the amount of additional security you owe is less than \$250, you are entitled to a refund of the difference between the amount owing and the \$250 allowance, provided the amount of the refund is \$10 or more. If you do not have any security paid fuel or fuel on which you will be paying security, you are not eligible for the inventory allowance.

Filing the carbon tax return

You use the *Carbon Tax Return - Inventory* form ([FIN 103-July 1, 2010](#)) to calculate and report your inventory and the amount of additional security due. If you own, or are deemed to have owned, inventory at July 1, 2010, you **must** file a tax return. The tax return form and payment are due on **July 15, 2010**. The form is available at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm

Further Information

If you have any questions, please call us toll-free at 1 877 388-4440, or e-mail your questions to CTBTaxQuestions@gov.bc.ca

You can find more information on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm