

## Carbon Tax Refunds - Purchasers

### *Carbon Tax Act*

**Effective July 1, 2008**, carbon tax applies to the retail purchase or use of fuels in British Columbia, such as gasoline, diesel, natural gas, heating fuel, propane and coal, and to peat and tires when used to produce energy or heat.

This notice explains the requirements for claiming a refund of tax paid under the *Carbon Tax Act* by a person who buys, or receives delivery of, fuel for their own use (end purchaser).

This notice does not apply to persons purchasing fuel for use in inter-jurisdictional air or marine travel or transport, or a commercial marine service. This notice also does not apply to deputy collectors or retail dealers. For information on refunds for:

- businesses engaged in inter-jurisdictional air or marine travel or transport, or a commercial marine service, see the notice [Non-Registered Air or Marine – Carbon Tax](#)
- deputy collectors and retail dealers, see the notice [Carbon Tax Refunds - Deputy Collectors and Retail Dealers](#)

### Overview

Refunds are provided to purchasers in limited circumstances, such as when tax was paid in circumstances where there was no legal obligation to pay the tax. In addition to the specific statutory refunds noted below, a refund may be issued to an end purchaser if they have been overcharged an amount of tax by their supplier. An example of this would be where the purchaser has been charged the incorrect rate of carbon tax for the specific fuel type by their supplier.

### Statutory Refunds

A purchaser who is the end purchaser of fuel may apply for a refund of carbon tax paid on fuel in the following circumstances.

- **Fuel purchased within British Columbia and exported for use outside British Columbia**

If you purchased fuel within British Columbia and, at the time you purchased the fuel you had entered into a contract with a common carrier to deliver the fuel to a destination outside of British Columbia for use outside the province, you may apply for a refund of the carbon tax you paid on that fuel. You will need to provide a copy of the contract with the common carrier and the bill of lading or delivery document showing the fuel was exported to a location outside the province.

- **Fuel purchased by Status Indians or Indian Bands**

Under the *Indian Act* (Canada), sales to Status Indians or Indian bands on reserve are exempt of tax. If you are a Status Indian or Indian band and you purchased fuel on reserve, or had fuel delivered into a receptacle on reserve land by the retailer, you may apply for a refund of the carbon tax you paid on that fuel. You will need to provide evidence of being a Status Indian or Indian band, such as the front and back of the *Certificate of Indian Status* card issued by Indian and Northern Affairs Canada, or a signed statement on band letterhead along with your band number. Where the fuel is delivered to reserve land, you will also need to provide documentation to support the delivery of the fuel into a receptacle on reserve land.

- **Fuel purchased by a visiting military force or a member of the diplomatic and consular corps**

Visiting military forces are able to purchase fuel exempt of tax provided the fuel will be used in connection with their official duties. Members of the diplomatic and consular corps are also able to purchase fuel exempt of tax. If you are a visiting military force, or a member of the diplomatic or consular corps, you may apply for a refund of carbon tax you paid on that fuel. You will need to provide evidence you are a visiting military force, such as official orders and proof the fuel was used in connection with official duties. If you are a member of the diplomatic and consular corps, you will need to provide a copy of the front and back of your identity card issued by Foreign Affairs Canada.

- **Fuel used as feedstock**

If you use fuel as a raw material in an industrial process and the fuel was not combusted and was either used to produce or upgrade another fuel or to manufacture another substance, you may apply for a refund of carbon tax you paid on that fuel.

▪ **Fuel used for a non-energy use**

If you use fuel that was not combusted and was used:

- to manufacture anodes used in an electrolytic process for smelting aluminium,
- 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 marketable natural gas, or
- as a refrigerant in a closed system in the processing of marketable natural gas,

you may apply for a refund of carbon tax you paid on that fuel. You will need to provide a certified statement describing how the fuel was used and a schedule showing how you calculated the volume of each type of fuel claimed, supported by production reports. If the fuel was used to manufacture another substance, you will need to provide evidence of the quantity of the other substance produced.

▪ **Fuel used as a reductant in the production of lead or zinc**

If you used coke, high heat coal or low heat coal in a combustion process as a reductant in the production of lead or zinc, you may apply for a refund of carbon tax paid for the amount of fuel used as a reductant.

In the table below, the figures in Columns 1 and 2 represent the amount of carbon tax you can claim for the amount of tax paid on fuel used as a reductant per tonne of lead or zinc produced within the specified time period.

Item	Column 1 Amount per tonne of lead	Column 2 Amount per tonne of zinc	Column 3 Period during which coke, high heat coal, low heat coal or a combination is used as a reductant
1	\$1.440	\$4.565	To June 30, 2009
2	\$2.161	\$6.847	During the year beginning on July 1, 2009
3	\$2.881	\$9.129	During the year beginning on July 1, 2010
4	\$3.601	\$11.412	During the year beginning on July 1, 2011
5	\$4.321	\$13.694	Any time on, or after, July 1, 2012

Based on the above figures, you calculate the amount of your tax refund claim using the following formula.

$$X = Y \times Z$$

where

- Y is the dollar amount per tonne of lead in Column 1 or the dollar amount per tonne of zinc in Column 2
- Z is the number of tonnes of lead or zinc you produce using the above mentioned fuels as a reductant
- X is the amount of your tax refund claim

**Please note:** The columns or rows you choose in the above table depends on the product produced and the period in which the production occurs.

For example, if you used coke to produce 75 tonnes of lead, from March 3, 2009 to May 4, 2009, the amount of your tax refund claim would be:

$$X = Y \times Z$$

$$X = \$1.440 \times 75 \text{ tonnes of lead}$$

$$X = \$108.00$$

The amount of the refund would be = \$108.00

You will need to provide evidence of the type of fuel used as a reductant, and the type and amount of metal produced.

## General Requirements for Claiming a Refund

- You must apply separately for refunds of tax paid on the same fuel if the fuel is also subject to a refund provision under the *Motor Fuel Tax Act*.
- Your refund claim must be received by the ministry within four years from the date you paid the tax.
- Only the individual or business who paid the tax can claim the refund. If the claimant is a corporation, the application must be signed by a member of the board of directors, or an authorized officer or employee of the corporation.
- You must provide sufficient documentation to support your refund claim, as specified on the refund application form, *Application for Refund of Carbon Tax - Purchaser of Fuel (FIN 108)*. Your claim will not be processed if you do not provide the required documents.

- You will need to provide a schedule of fuel purchases and copies of purchase invoices showing you have purchased and paid for the volume of the type of fuel you are claiming a refund for.
- If your claim has been prepared by a third party and you want the ministry to deal with the third party for any questions about your application, you must indicate this on Part A of your application.
- For each refund application, you can only include a claim for the period indicated on the specific *Application for Refund of Carbon Tax – Purchaser of Fuel (FIN 108)*. Carbon tax rate changes are scheduled for July 1<sup>st</sup> of each year, therefore, the maximum period you can claim a refund for on each application is for purchases made from July 1<sup>st</sup> to June 30<sup>th</sup>.

## How to Apply for a Refund

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

Send your completed refund application and supporting documentation to:

Consumer Taxation Branch  
Refund Section  
PO Box 9628 Stn Prov Gov  
Victoria BC V8W 9N6

## Payment of a Refund

The ministry will not issue a refund of less than \$10.

## Further Information

You can find more information on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Carbon\\_Tax/carbon\\_tax.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm)

If you have any questions, please call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440, or e-mail your questions to [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. The *Carbon Tax Act* and regulations are on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Carbon\\_Tax/carbon\\_tax.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm)