

# Notice to Motor Fuel Tax Collectors

## *Motor Fuel Tax Act*

This notice explains recent changes to the *Motor Fuel Tax Act* that affect your appointment as a collector.

### Collector Appointments

All collector appointments authorized prior to July 1, 2008 under the *Motor Fuel Tax Act* will be **cancelled effective December 31, 2008**. If you sell fuel in British Columbia that you either manufacture in British Columbia or import into British Columbia, you need to apply to the ministry to be appointed as a collector for that type of fuel under the *Motor Fuel Tax Act*.

To apply for appointment as a collector, you need to complete and send in an *Application for Appointment as a Collector (FIN 142)*. The application is available on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Motor\\_Fuel\\_Tax/forms.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Motor_Fuel_Tax/forms.htm). You should apply as soon as possible so that your application can be processed prior to December 31, 2008. If you are not appointed as a collector, you will not be authorized to sell fuel in British Columbia that you manufacture or import into British Columbia.

Before being appointed as a collector under the *Motor Fuel Tax Act*, you will be required to enter into an agreement with the Director, *Motor Fuel Tax Act*, that sets out the duties and conditions of your appointment. The duties and conditions will include how frequently you need to file your tax return (i.e. monthly, quarterly or annually), the conditions you are required to meet if you wish to re-label fuel, and the amount, if any, of a bond or surety that you may be required to provide.

If your application is approved, the ministry will send you two copies of the agreement. If you agree with the duties and conditions, you must sign and return both copies of the agreement to the ministry. The Director, *Motor Fuel Tax Act*, will sign and return one copy of the signed agreement to you. The ministry will also send you the forms and information that you will need to report and pay the security due, or remit the tax that you collect, on your sales.

If you are not approved for appointment as a collector, 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 not be authorized to sell fuel in British Columbia that you manufacture or import into British Columbia. In addition, if your application is refused, you must not re-label any type of fuel unless you have written authorization from the director. For example, if you are not a collector and you purchased fuel as clear diesel, you cannot sell that fuel as locomotive fuel.

## **Suspension and Cancellation of Collector Appointments**

Your appointment as a collector may be suspended or cancelled for non-compliance with the *Motor Fuel Tax Act* or regulations, or for failure to meet the duties and conditions set out in your agreement. You may appeal the suspension or cancellation of your appointment if you disagree with the decision. If your appointment as a collector is suspended or cancelled, you will not be authorized to sell fuel in British Columbia that you manufacture or import into British Columbia.

Effective July 1, 2008, if you are appointed a collector under both the *Motor Fuel Tax Act* and the *Carbon Tax Act*, your appointment as a collector may be automatically suspended or cancelled under both Acts for non-compliance with either Act or the regulations.

## **Responsibilities of Collectors**

### **Paying Security**

You are required to pay to the ministry a security equal to the amount of motor fuel tax that will be payable by the end purchasers of the fuel. Your customers who are wholesale or retail dealers are required to pay the same amount of security to you. Your customers who are the end purchasers are required to pay the tax to you. In either case, you keep the amount they pay to you as reimbursement for the security you pay to the ministry.

Effective July 1, 2008, as a collector, you are required to pay security on fuel that you sell to another collector unless both you and the other collector own and operate a refinery in Canada. However, if you were appointed as a collector under the *Motor Fuel Tax Act* prior to July 1, 2008, the ministry will exempt you from the requirement to pay security on fuel that you sell to another collector until the earliest of the following:

- the end of the day on December 31, 2008,
- the date your appointment as a collector is suspended or cancelled under the *Motor Fuel Tax Act*, or
- the date you are re-appointed as a collector under the *Motor Fuel Tax Act*.

## Non-Taxable Sales

You are not required to pay security or collect motor fuel tax on fuel that you sell:

- to businesses that are registered consumers if the fuel is a type of fuel indicated on their motor fuel *Registered Consumer Certificate*,
- on reserve to First Nations end purchasers who qualify as Indians or bands under the *Indian Act* (Canada), and
- to visiting military forces and members of the diplomatic and consular corps.

The ministry may also exempt you from the requirement to pay the security on a sale to a deputy collector or retail dealer if the ministry is satisfied that the sale to the end purchaser will be exempt.

You need to keep documentation in your records to show why you did not pay the security or collect tax on such sales. This may include copies of exemption certificates or registered consumer certificates.

## Collector Reporting

Effective January 1, 2009, semi-annual reporting will be eliminated. If you are currently registered for filing semi-annually, ministry staff will contact you to advise you on your revised collector reporting.

Your reporting period is based on the annual amount of motor fuel tax or security you are required to pay or remit:

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

**Please note:** Tax returns and payments are due on the 15th day of the month following the reporting period. To be considered on time, both the tax return and full payment must be **received by** the ministry on, or before, 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 on, or before, the due date. A business postage meter mark is not sufficient. If you deliver your tax return in any other manner, such as by hand or by courier, it must be received by the ministry by the close of business (4:30 pm) on the due date to be considered on time.

If the due date falls on a weekend or statutory holiday in British Columbia, your tax return and payment are due by 4:30 pm on the first business day following the due date.

If tax returns and payments are not received on time, penalties and interest may be applied.

## **Reporting Motor Fuel Tax on Sales Invoices**

Effective July 1, 2008, all fuel sellers are required to provide an invoice to their customers in the following circumstances:

- the fuel is sold from a bulk storage facility, cardlock or terminal rack,
- the fuel is sold for resale,
- the fuel is sold to a registered consumer, or
- the customer requests an invoice.

The invoice must record the following information:

- date of the sale,
- your name and address,
- name and address of the person you sold the fuel to,
- quantity of each type of fuel sold, and
- the rate of motor fuel tax for each type of fuel sold as a separate line or column on the invoice; however, for a transitional period, which ends on June 30, 2009, the tax rates for motor fuel and carbon may be combined.

In addition, the invoice must designate any coloured fuel as Marked Fuel.

## **Further Information**

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)

You can also find information on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/consumer\\_taxes.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/consumer_taxes.htm)

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