



Colouring of Fuel

This bulletin was revised September 2009 to incorporate changes to the cost of dye to registered dyers in respect to coloured fuel exported from Canada.

This bulletin provides general information. It is not exhaustive and should not be considered as a substitute for the *Fuel Tax Act* and its regulations.

Minister's Consent and Conditions and Restrictions of Consent regarding the Colouring of Fuel Destined for Export from Canada

The *Fuel Tax Act* ("Act") authorizes the practice of colouring fuel destined for export from Canada.

The Minister of Revenue (Minister) may consent to manual blending of dye with fuel and to a higher concentration of dye to fuel than is normally permitted under the Act. As well, the Minister may impose conditions and restrictions when granting this consent. Refer to subsections 4.18(4.1), (4.2) and (4.3) of the Act for greater detail.

With respect to the colouring of fuel destined for export from Canada as referred to in subsections 4.18(4.1) and (4.2) of the Act, this bulletin constitutes the prior written consent, and the conditions and restrictions of consent, of the Minister for all registered dyers until withdrawn or replaced by a subsequent Ontario Tax Bulletin or notice to registered dyers.

The Consent and the Conditions and Restrictions of Consent are as follows:

- a) This consent and the conditions and restrictions of consent relate only to fuel **destined for export from Canada**.
- b) This consent and the conditions and restrictions remain valid until registered dyers are notified by a notice in writing or by an Ontario Tax Bulletin of the withdrawal of this consent or of changes in the conditions or restrictions on registered dyers.
- c) Registered dyers are permitted to mix dye with clear fuel in concentrations greater than the 170 to 190 parts per million, as established by the Minister for fuel for use in Ontario, if the fuel is coloured for the purposes of export from Canada.
- d) Registered dyers are permitted to manually blend dye with fuel without further ministry approval. An officer of the ministry need not be present.
- e) Registered dyers shall report with their monthly return the quantity of fuel that has been coloured during the prior month for export from Canada and the quantity of dye used to colour such fuel.
- f) Registered dyers shall pay to the Minister the cost of the dye referred to in clause (e) in accordance with subsection 4.18(4.3) of the Act. Payment shall be accounted for in the monthly collector return. The ministry shall advise registered dyers of the cost of the dye, which may vary from time to time based on the ministry's supply contracts.

- g) The cost of dye, effective October 1, 2009, under existing supply agreements is \$1.506 per litre. The payment for the dye for each month shall be determined by a registered dyer by multiplying the quantity of dye used in that month in litres by \$1.506 (or the price per litre then in effect) and shall be entered in line 26 of the Fuel Tax Collector Return – FT812 or line 14 of the Generic Fuel Collector Summary Form – Diesel Related Products. Registered dyers should attach details regarding the adjustment to the return.

Previous dye costs:

July 1, 2009 to September 30, 2009	\$1.437 per litre
April 1, 2009 to June 30, 2009	\$1.475 per litre
February 1, 2009 to March 31, 2009	\$1.5277 per litre
Prior to February 1, 2009	\$1.058 per litre

- h) Registered dyers shall not use in Ontario or Quebec, nor sell for use in Ontario or Quebec, fuel coloured at concentrations outside the range of 170 to 190 parts per million.
- i) Please note that coloured fuel exported to Quebec is excluded from the above arrangements because Ontario and Quebec have a Reciprocal Dye Agreement which circumvents the need for the above provisions.
- j) Please note also that one litre containers are available for those registered dyers that might find this useful where it is necessary to add dye manually to fuel destined for export from Canada. Registered dyers may make arrangements with and payment directly to Vulsay Industries Ltd. for the packaging of dye in one litre containers and the transportation of such dye. In this instance the registered dyer will be paying Vulsay Industries Ltd. for the packaging and any transportation, but will continue to be responsible to the Minister for the payment of the dye.

Minister's Approval of Chemical Substances (dye) Which May be Used to Colour Fuel

Minister's Establishment of Dye Concentration and

Threshold for "coloured fuel" and "clear fuel"

The Act provides the Minister with authority to:

- approve the chemical substances that may be used to colour fuel (in other words, the dye recipe)
- establish the quantity of dye in proportion to fuel to be used to colour fuel (dye concentration), and
- establish the quantity of dye for the purposes of the definitions of "clear fuel" and "coloured fuel" (threshold between clear and coloured fuel) in subsection 1(1) of the Act.

The Minister, through his or her delegation to the Assistant Deputy Minister, has approved the dye recipe, established the dye concentration and established the threshold between clear and coloured fuel, all effective as of January 1, 1999.

A copy of the Assistant Deputy Minister's approval and establishment document is attached for reference and in satisfaction of the requirement at subsection 28.3(3) of the Act that "The Minister shall notify registered dyers of the matters approved or established under this section".

Additional Information

If this bulletin does not completely address your particular situation, refer to the Act and related regulations, or contact the:

Ministry of Revenue
Tax Compliance Branch
Audit and Inspection
33 King Street West
Oshawa, ON L1H 8H9

Tel.: 1 866 ONT-TAXS (1 866 668-8297)
Fax: 905 436-4507
Teletypewriter (TTY): 1 800 263-7776

This bulletin and various other English and French tax materials published by the Ministry of Revenue may be obtained online at ontario.ca/revenue.

The *Fuel Tax Act* and Ontario's other public statutes and regulations may be obtained online at www.e-laws.gov.on.ca.

*Cette publication est disponible en français sous le titre « FT 2-99 La coloration du carburant ».
Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant ontario.ca/revenu.*

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DYE RECIPE AND CONCENTRATION

Re: *Fuel Tax Act* (Act),
s.1, s.28.3

- a) The Minister of Finance (Minister) has authority under subsection 28.3(1) of the Act to approve chemical substances that may be used to colour fuel.
- b) The Minister has authority under subsection 28.3(1) of the Act to establish the quantity of dye in proportion to fuel to be used to colour the fuel.
- c) The Minister has authority under subsection 28.3(2) of the Act to establish the quantity of dye for the purposes of the definitions of "clear fuel" and "coloured fuel" in subsection 1(1) of the Act.
- d) By written delegation dated the 30th day of May, 1994, given under the authority of subsections 64(1) and (3) of the *Capital Investment Plan Act, 1993*, S.O. 1993, c.23, the Minister authorized the Assistant Deputy Minister, Tax Division, to exercise those powers and perform those duties conferred or imposed on the Minister under all sections of the Act and Regulations. On January 1, 1998, Tax Division was renamed Tax Revenue Division.
- e) Under the authority delegated to him, the Assistant Deputy Minister approves and establishes as follows:
 - i. The chemical substances, requirements and specifications therefore, set out in subsections 1(8), (9), (10) and (11) of Regulation 464, R.R.O. 1990, as that regulation read on December 31, 1998, are approved as the chemical substances which may be used to colour fuel.
 - ii. The quantity of dye in proportion to fuel to be used to colour fuel for the purposes of the definitions of "colouring" and "colour" in section 1 of the Act is not less than 170 and more than 190 parts of dye per million parts of fuel (as set out in subsection 1(3) of Regulation 464, R.R.O. 1990, as that regulation read on December 31, 1998).
 - iii. The quantity of dye for the purposes of the definitions of "clear fuel" and "coloured fuel" in subsection 1(1) of the Act is 3.42 parts of dye per million parts of fuel (as set out in subsection 1(2) of Regulation 464, R.R.O. 1990, as that regulation read on December 31, 1998).
 - iv. Clauses 1, 2 and 3 are effective as of January 1, 1999.

ORIGINAL SIGNED BY

Roy A. Lawrie
Assistant Deputy Minister
Tax Revenue Division