

Ministry of Finance

Tax Notice



ISSUED: June 2012 REVISED: July 2012

Notice 2012-005

www.fin.gov.bc.ca/rev.htm

Notice to Fuel Sellers

Motor Fuel Tax Act and Carbon Tax Act

This notice explains that effective May 1, 2012, the obligations of collectors, deputy collectors, retail dealers, and purchasers of fuel imported into British Columbia by ship are amended to be generally more consistent with the federal obligations regarding fuel imported by ship. These amendments streamline the compliance burden on importers.

Fuel Sellers

Effective May 1, 2012, if you sell qualifying fuel in prescribed volumes (see table below) that, as part or all of a single shipment, enters British Columbia by a ship from outside of Canada and you sell the fuel in compliance with the *Customs Act* (Canada) and regulations before the fuel is released, then under the *Motor Fuel Tax Act* and/or the *Carbon Tax Act*:

- you are not a collector or retail dealer for that fuel;
- you do not report the import of that fuel on your collector return or remit security on that fuel to the ministry; and
- you do not collect motor fuel and/or carbon tax on the sale of that fuel.

The fuel seller that causes, in the circumstances described above, the fuel to be **released** is now considered the collector and must remit security, collect security or tax, and report the import of that fuel.

Released has the same meaning as in the *Customs Act* (Canada).

Qualifying Fuels / Class of Fuels*	Prescribed Volumes
Liquid fuels (e.g. gasoline or diesel)	More than 5 million litres
Gaseous fuels (e.g. butane or ethane)	More than 30 million litres
Solid fuels (e.g. high heat value coal)	More than 25,000 tonnes

* The liquid, gaseous and solid fuel types are listed in the Table of Fuel Types and Rates, which can be found on the second page of most carbon tax returns. Please note that natural gas, propane and hydrogen are not qualifying fuels.

Collectors

If you are currently appointed as a collector and you only import qualifying fuel in prescribed volumes (see table above) into British Columbia by ship and sell that fuel before it is released from customs, then you are no longer a collector and are no longer required to remit security to the ministry and collect either security or tax on the sale of that fuel. If this is your situation, please contact us to discuss the cancellation of your collector appointment.

If you are selling a qualifying fuel that is less than the prescribed volume, you are still a collector for that fuel regardless of who causes the fuel to be released. Similarly, if you are selling fuel imported by rail or truck, you are a collector for that fuel.

Deputy Collectors and Retail Dealers

If you purchase fuel in the circumstances described above (i.e. qualifying fuel in prescribed volumes) in British Columbia from a ship and cause that fuel to be released from customs and then sell that fuel within British Columbia, you are now considered to be a collector for that fuel. You are required to report the import of the fuel, remit security to the ministry, and collect either security or tax on the sale of that imported fuel. To apply to become a collector (if you are not already a collector for that type of fuel), please complete and submit an *Application for Appointment as a Collector* ([FIN 142](#)).

Fuel Purchasers

If you purchase fuel in the circumstances described above (i.e. qualifying fuel in prescribed volumes) in British Columbia from a ship and cause that fuel to be released from customs for your own use (i.e. not for resale), you are now required to self-assess taxes based on the use of that fuel in British Columbia. To self-assess motor fuel tax, please complete and submit a *Miscellaneous Payment of Tax* ([FIN 135](#)) return and/or to self-assess carbon tax, please complete and submit a *Carbon Tax Return-Self Assessors* ([FIN 112](#)).

Example

Company A imports prescribed volumes of gasoline into British Columbia on a fuel barge. Before the fuel is released by customs, Company A sells the gasoline to Company B. Company B has the fuel released and sells it to Company C. Company C sells the gasoline to purchasers across the province.

In such a case, Company A is not a collector under either the *Motor Fuel Tax Act* or the *Carbon Tax Act* and is not required to report the import of the fuel, remit security to the ministry or collect security from Company B. Company B, however, is now considered to be a collector under the legislation and is required to report the import, remit security to the ministry and collect security from Company C. Company C is a retail dealer and required to pay security to Company B and collect tax from purchasers.

Transition Rules

The above rules do not apply to fuel that has been sold or released in British Columbia before May 1, 2012.

Further Information

For information on the responsibilities of fuel sellers, please see Bulletin [MFT-CT 001](#), *Fuel Sellers*.

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 also find information on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.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*, *Carbon Tax Act*, and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.htm