

Notice on Heating Fuel to Collectors, Bulk Agents and the Oil and Gas Industry

Motor Fuel Tax Act and Social Service Tax Act

This notice outlines the authorized uses of coloured diesel and coloured heating fuel. Although coloured diesel and coloured heating fuel can be chemically identical, their authorized uses and tax rates are different.

Coloured diesel fuel is intended for use in internal combustion engines when used off-highway and is subject to 3.0¢ per litre motor fuel tax. However, coloured diesel fuel that is sold for commercial heating purposes is subject to 7% social service tax, also called the provincial sales tax (PST).

Coloured heating fuel is intended **only** for heating purposes and is subject to 7 % PST if sold for commercial or industrial purposes. Coloured heating fuel is tax exempt if sold for residential heating purposes.

With increasing fuel costs, the per litre cost of coloured diesel fuel may be less than the per litre cost of coloured heating fuel to consumers. However, using coloured diesel for heating purposes or using coloured heating fuel in an internal combustion engine is not permitted under the *Motor Fuel Tax Act*. Substituting either fuel is unauthorized and the seller or purchaser may be subject to fines and/or penalties.

In addition to the taxes outlined above, effective September 1, 2007, a provincial Innovative Clean Energy (ICE) Fund levy of 0.4% applies to purchases of electricity, natural gas, fuel oil and propane sold on a grid system. For more information, please see our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/ICE_Fund_Levy.htm

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

You can also find information on our website at www.sbr.gov.bc.ca/ctb