



Excise Taxes and Special Levies Notice

ETSL-069

April 2008

Proposed Amendment to the Ships' Stores Regulations to Include Renewable Fuels

Prior to April 1, 2008, sections 23.4 and 23.5 of the *Excise Tax Act* provided for an excise tax exemption in the case of the alcohol portion of gasoline-alcohol and diesel-alcohol blended fuel and bio-diesel fuel, whether blended or not. These exemptions were repealed effective April 1, 2008. The Government is proposing to amend the Schedule to the *Ships' Stores Regulations* to include renewable fuels in the list of goods that qualify as ships' stores.

The *Ships' Stores Regulations* designate certain classes of goods as "ships' stores" where they are used on board qualifying conveyances. Such classes of goods are generally eligible for relief from the duties and taxes normally imposed. As such, certain fuels consumed on ships or airplanes on international voyages are relieved of the duties and excise taxes by virtue of the *Ships' Stores Regulations*.

The current list of goods eligible for exemption in the Schedule to these Regulations includes "petroleum products", but does not extend relief to renewable fuels. The Government is proposing to amend the *Ships' Stores Regulations* such that renewable fuels will be included in the list of goods that qualify as ships' stores, making them eligible for relief of the duties and taxes that would otherwise apply. For excise tax purposes, it is proposed that the amendment be retroactive to April 1, 2008.

End-user refunds

New subsection 68.01(2) provides that if tax has been paid under the *Excise Tax Act* in respect of fuel, an application may be made by and a refund may be paid to, a purchaser who uses the fuel as ships' stores, provided that no application in respect of the fuel is made by any person under section 68.17 or 70.

However, until the amendments to the *Ships' Stores Regulations* are adopted, such that renewable fuels are included on the list of goods that qualify as ships' stores, such fuels must be purchased on an excise tax-paid basis.

At such time as the amendments to the *Ships' Stores Regulations* are adopted, purchasers will be eligible to file a form N15, *Application for Refund/Deduction of Excise Taxes*, directly with the Canada Revenue Agency, retroactive to April 1, 2008, pursuant to subsection 68.01(2) of the *Excise Tax Act*. All end-user refund claims must be submitted within two years from the date of purchase.

Once the amendments to the *Ships' Stores Regulations* have been adopted, a purchaser of renewable fuels (as well as other qualifying fuels) may purchase fuel excise tax exempt by providing the fuel supplier, at the time of delivery, form K36A, *Ships' Stores Declaration and Clearance Certificate*, or other acceptable documentation.

Who can I contact?

Excise Duties and Taxes 1-888-609-0073.

All technical publications related to excise taxes and special levies are available on the CRA Web site at www.cra.gc.ca/etsl.

La version française du présent document est intitulée *Modification proposée au Règlement sur les provisions de bord afin d'inclure les carburants renouvelables*.



Canada Revenue
Agency

Agence du revenu
du Canada

Canada