



Harmonized Sales Tax for British Columbia – Point-of-Sale Rebate on Motor Fuels

The Government of British Columbia has proposed a harmonized sales tax (HST) which would come into effect on July 1, 2010. The proposed HST rate would be 12% of which 5% would represent the federal part and 7% the provincial part.

This info sheet reflects proposed tax changes announced in the News Release issued by the Government of British Columbia on July 23, 2009, and the Tax Information Notice – HST Notice #2, *Point-of-Sale Rebates for British Columbia HST*, released by the Government of British Columbia on November 16, 2009.

Any commentary in this info sheet should not be taken as a statement by the Canada Revenue Agency (CRA) that the proposed point-of-sale rebate will be enacted in its current form.

The Government of British Columbia has announced that it would provide a point-of-sale rebate of the provincial part of the proposed HST payable on qualifying motor fuels. The CRA and the Canada Border Services Agency (CBSA) would administer the rebate on behalf of the Government of British Columbia.

Note: Please refer to the following info sheets for information on point-of-sale rebates on other qualifying goods in British Columbia:

- *Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Feminine Hygiene Products (GI-062)*;
- *Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Children's Goods (GI-063)*;
- *Harmonized Sales Tax for Ontario and British Columbia – Point-of-Sale Rebate on Books (GI-065)*.

In this publication:

“Consumer” means an individual who acquires qualifying motor fuels for the individual’s personal consumption or use, or for the personal consumption or use of another individual.

“Provincial part of the HST” means the 7% British Columbia part of the HST.

“Qualifying motor fuels” means goods designated by the Government of British Columbia as qualifying motor fuels and satisfying prescribed conditions. More information is available under the heading “Goods qualifying for the rebate”.

“Rebate” means the proposed point-of-sale rebate of the provincial part of the HST payable on qualifying motor fuels, which would be provided by the Government of British Columbia.

“Recipient” of qualifying motor fuels means the person who is liable to pay for the motor fuels. When no amount is due, it means the person to whom the motor fuels are delivered or made available. A recipient could be a wholesaler, retailer or consumer.

“Registrant” means a person who is registered, or is required to be registered, for GST/HST purposes.

Who would be eligible for the rebate

The rebate would be available to all persons that:

- are recipients of qualifying motor fuels sold in British Columbia;
- are resident in British Columbia and that import qualifying motor fuels in circumstances where the provincial part of the HST would be payable on the importation; and
- receive delivery or possession of qualifying motor fuels in, or bring qualifying motor fuels into, British Columbia in circumstances where the provincial part of the HST would be payable on the motor fuels.

La version française du présent document est intitulée *Taxe de vente harmonisée de la Colombie-Britannique – Remboursement au point de vente pour les carburants*.



The rebate would be available at any point in the distribution chain of the qualifying motor fuels. For example, the rebate would be available to persons that are wholesalers, retailers or consumers of qualifying motor fuels.

Note: If you are not sure whether you are eligible for a rebate, you may ask for a written ruling or interpretation, or call a GST/HST rulings centre at 1-800-959-8287. See GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*, for more information.

Goods qualifying for the rebate

The following goods would be qualifying motor fuels for purposes of the rebate:

- gasoline-type fuels, including ethanol-gasoline blends, that are suitable for use in internal combustion engines and are marketed or sold as fuel for that purpose;
- diesel, bio-diesel and bio-diesel blends (but not including heavy fuel oil) that are suitable for use in internal combustion engines of the compression-ignition type and are marketed or sold as fuel for that purpose, other than any such fuel that is marketed or sold as fuel for use as heating oil, including locomotive fuel and marine diesel, marketed or sold as fuel for use in trains or boats; and
- aircraft fuel, including aviation gasoline and jet fuel, that is suitable for use in an engine or in a turbine that propels an aircraft and is marketed or sold as fuel for that purpose.

The following goods would **not** be qualifying motor fuels for purposes of the rebate, and therefore, no rebate would be available in respect of the provincial part of the HST payable on these goods:

- heating oil and furnace oil;
- heavy fuel oil, including marine bunker fuel (or bunker oil);
- hydrogen;
- kerosene (excluding jet fuel);
- natural gas and natural gas liquids (e.g., liquefied natural gas or LNG); and
- propane and liquefied petroleum gas (LPG).

How to claim the rebate

Recipients of qualifying motor fuels sold in British Columbia would receive their rebate by:

- being paid or credited the rebate amount by the registrant supplier (e.g., a producer, wholesaler or retailer) at the point of sale; or
- filing a rebate claim with the CRA.

Rebate amount paid or credited by registrant suppliers

Generally, recipients of qualifying motor fuels sold in British Columbia would automatically have their rebate paid or credited to them at the point of sale by the registrant supplier that sold the motor fuels to them.

The rebate amount that a registrant supplier would pay or credit to the recipient would equal the amount of the provincial part of the HST that would be payable by the recipient on the sale of the qualifying motor fuels.

A registrant supplier that pays or credits the rebate amount at the point of sale would collect only the 5% federal part of the HST on the sale of the qualifying motor fuels. Information on how a registrant supplier discloses the rebate amount paid or credited is available under the heading “How registrant suppliers show the rebate on their invoices”.

Example 1

A gas station owner in British Columbia sells gasoline to consumers for use in their automobiles.

Gasoline-type fuels suitable for use in internal combustion engines such as in automobiles, and marketed or sold for such purposes, would be qualifying motor fuels for purposes of the rebate. As a result, the gas station owner would collect only the 5% federal part of the HST and pay or credit the rebate of the 7% provincial part of the HST to consumers at the point of sale.

Example 2

A marina operator in British Columbia sells marine diesel fuel to consumers for use in their boats.

Marine diesel fuel marketed or sold as fuel for use in a boat would be a qualifying motor fuel for purposes of the rebate. As a result, the marina operator would collect only the 5% federal part of the HST and pay or credit the rebate of the 7% provincial part of the HST to the consumers at the point of sale.

Example 3

A wholesaler in British Columbia sells diesel fuel marketed as furnace oil to consumers for use in heating their homes. Diesel fuel marketed or sold as fuel for use as heating oil would not be a qualifying motor fuel for purposes of the rebate. As a result, the wholesaler would collect the 12% HST and not pay or credit the 7% provincial part of the HST to consumers.

Example 4

A retailer in British Columbia sells propane to a consumer for use as fuel in the consumer's propane-powered automobile.

Propane would not be a qualifying motor fuel for purposes of the rebate. As a result, the retailer would collect the 12% HST and not pay or credit the 7% provincial part of the HST to the consumer.

Filing rebate claims with the CRA

If the registrant supplier does not pay or credit the rebate amount at the point of sale, then the recipient of the qualifying motor fuel sold in British Columbia would be able to file a rebate claim with the CRA using Form GST189, *General Application for Rebate of GST/HST*.

The rebate amount that the CRA would pay to the recipient would equal the amount of the provincial part of the HST that the recipient paid on the sale of the qualifying motor fuel. The recipient would have to file Form GST189 within four years after the day the provincial part of the HST became payable.

If the registrant supplier does not pay or credit the rebate amount at the point of sale and the recipient of the qualifying motor fuel sold in British Columbia is a registrant acquiring the motor fuel for use or supply in the course of a commercial activity, then the recipient would be able to claim an input tax credit (ITC) to recover the 5% federal part of the HST paid. The recipient would also be able to file a rebate claim with the CRA, using Form GST189, to recover the 7% provincial part of the HST paid. The recipient would have to file this form within four years after the day the provincial part of the HST became payable.

Example 5

On December 15, 2010, a retailer in British Columbia sells diesel fuel to a consumer for use in an automobile. Diesel fuel suitable for use in an automobile with an internal combustion engine of the compression-ignition type (i.e., a diesel engine) and sold as fuel for

that purpose would be a qualifying motor fuel for purposes of the rebate.

The retailer collects the 12% HST and does not pay or credit the rebate of the 7% provincial part of the HST at the point of sale. The consumer would be able to file a rebate claim with the CRA for the 7% provincial part of the HST paid to the retailer. The consumer would have until December 15, 2014, to file this rebate claim.

Example 6

On August 1, 2010, a wholesaler in British Columbia sells jet fuel to a retailer in British Columbia. Both the wholesaler and retailer are registrants. Jet fuel suitable for use in a turbine engine that propels an aircraft and sold as fuel for this purpose would be a qualifying motor fuel for purposes of the rebate.

The wholesaler collects the 12% HST and does not pay or credit the rebate of the 7% provincial part of the HST at the point of sale. The retailer would be able to claim an ITC to recover the 5% federal part of the HST paid to the wholesaler. The retailer would also be able to file a rebate claim with the CRA for the 7% provincial part of the HST paid to the wholesaler. The retailer would have until August 1, 2014, to file this rebate claim.

Residents importing qualifying motor fuels

Generally, persons that are resident in British Columbia and that import qualifying motor fuels in circumstances where the provincial part of the HST would be payable on the importation would automatically have their rebate deducted by the CBSA from the HST payable.

The rebate amount that the CBSA would deduct would equal the amount of the provincial part of the HST that would be payable by the person on the imported qualifying motor fuel. The CBSA would, therefore, collect only the 5% federal part of the HST on the imported qualifying motor fuel.

Persons bringing qualifying motor fuels into British Columbia

In certain circumstances, a person that brings qualifying motor fuels into British Columbia would have to self-assess the provincial part of the HST on these motor fuels. Generally, the person would be eligible for a rebate equal to the amount of the provincial part of the HST that would be payable by the person on the qualifying motor fuels.

Rebate for registrants

If the person is a registrant, the person would account for the provincial part of the HST self-assessed on the qualifying motor fuels brought into

British Columbia on its regular GST/HST return for the reporting period in which the tax became payable.

The person would receive its rebate by claiming a deduction for the rebate amount on the return for the reporting period in which the tax became payable.

Rebate for non-registrants

If the person is not a registrant, the person would normally account for the provincial part of the HST self-assessed on the qualifying motor fuel brought into British Columbia on Form GST489, *Return for Self-Assessment of the Provincial Portion of the Harmonized Sales Tax (HST)*, no later than the last day of the month after the calendar month in which the tax became payable.

However, the person would receive the rebate by deducting the rebate amount for the self-assessed provincial part of the HST. The person would not have to file Form GST 489 where the resulting amount is nil.

How registrant suppliers show the rebate on their invoices

When disclosing the HST on an invoice or receipt issued in respect of the sale of qualifying motor fuels to which the registrant supplier has paid or credited the rebate amount at the point of sale, the registrant supplier may show:

- the total amount of the HST payable (or the total HST rate) with the rebate amount paid or credited shown separately;
- the total HST payable as an amount net of the rebate amount paid or credited; or
- the total price of the qualifying motor fuel that includes HST at a net rate of 5%.

Example 7

A retailer in British Columbia sells qualifying motor fuel for \$40.00 and pays or credits the rebate amount of \$2.80 ($\$40.00 \times 7\% = \2.80) at the point of sale. The retailer would have the following three options for disclosing the total HST payable and the rebate amount paid or credited:

Price of fuel	\$40.00
HST @ 12%	<u>\$4.80</u>
Subtotal	\$44.80
Rebate @ 7%	<u>\$2.80</u>
Amount due	\$42.00

or

Price of fuel	\$40.00
HST	<u>\$2.00</u>
Amount due	\$42.00

or

Price of fuel	\$42.00
5% HST included	

If the recipient in the above example were a registrant that would be eligible to claim an ITC to recover the tax paid or payable on the purchase of the motor fuel, the maximum ITC available would be \$2.00 (i.e., the 5% federal part of the HST). This amount appears only on the second invoice. In the case of the first and third invoices, the recipient would have to calculate 5% of \$40.00 ($\$40.00 \times 5\% = \2.00), or 5/105 of \$42.00 ($\$42.00 \times 5/105 = \2.00), respectively, to determine the amount that may be claimed as an ITC.

Note: For information on invoicing requirements for registrants, see Guide RC4022, *General Information for GST/HST Registrants*.

How registrant suppliers account for the rebate on their GST/HST returns

A registrant supplier that pays or credits the rebate amount at the point of sale would have two options for accounting for the rebate amount on its GST/HST return.

First, the registrant supplier may account for the total HST collected or collectible (i.e., 12% for British Columbia) on line 103 of the GST/HST return, and claim an adjustment for the rebate amount paid or credited on line 107.

Second, the registrant supplier may show the net amount as the HST collected or collectible (i.e., 5%) on line 103, and not claim an adjustment for the rebate amount paid or credited on line 107.

Example 8

A retailer in British Columbia sells qualifying motor fuel for \$45.00 and credits the rebate amount of \$3.15 ($\$45.00 \times 7\% = \3.15) at

the point of sale. The retailer collects the 5% federal part of the HST of \$2.25 ($\$45.00 \times 5\% = \2.25) payable on the sale.

With respect to accounting for this particular sale on its GST/HST return, the retailer may show the 12% HST collectible of \$5.40 ($\$45.00 \times 12\% = \5.40) on line 103, and claim an adjustment for the rebate amount credited (\$3.15) on line 107, as follows:

Sales and other revenue (line 101):	\$45.00	
GST/HST collected or collectible (line 103)	\$5.40	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		\$5.40
ITCs (line 106)	0	
Adjustment (line 107)	\$3.15	
Total ITCs /adjustments (line 108)		\$3.15
Net tax (line 109)		\$2.25

Or, the retailer may show the net amount collectible ($\$5.40 - \$3.15 = \$2.25$) on line 103, and not claim an adjustment for the rebate amount credited on line 107, as follows:

Sales and other revenue (line 101):	\$45.00	
GST/HST collected or collectible (line 103)	\$2.25	
Adjustments (line 104)	0	
Total GST/HST/adjustments (line 105)		\$2.25
ITCs (line 106)	0	
Adjustment (line 107)	0	
Total ITCs /adjustments (line 108)		0
Net tax (line 109)		\$2.25

Note: For information on completing a GST/HST return, see Guide RC4022, *General Information for GST/HST Registrants*.

This info sheet does not replace the law found in *the Excise Tax Act* (the Act) and its Regulations. It is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any CRA GST/HST rulings centre for additional information. These centres are listed in GST/HST Memorandum 1.2, *Canada Revenue Agency GST/HST Rulings Centres*. If you wish to make a technical enquiry on the GST/HST by telephone, please call the toll-free number 1-800-959-8287. A ruling should be requested for certainty in respect of any particular GST/HST matter.

If you are located in Quebec and wish to make a technical enquiry or request a ruling related to the GST/HST, please contact Revenu Québec by calling the toll-free number 1-800-567-4692.

All GST/HST publications are available on the CRA Web site at www.cra-arc.gc.ca/gsthstech.