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Consumer Taxes

Number: CAR. 18/R1
Date: September 30, 2013
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Act(s): *Fuel Tax Act (CQLR, c. T-1), sections 2, 3, 9, 10, 51.1 and 51.2*

Subject: **The Use of Automotive Gasoline in Aviation**

This version of interpretation bulletin CAR. 18 supersedes the version of April 28, 1995. The bulletin was revised to change some terminology, for example, to replace “mogas” by “automotive gasoline”. Consequently, the text was reworked. However, the position set out in the bulletin remains the same.

This bulletin explains how the *Fuel Tax Act* (FTA) applies in respect of automotive gasoline used to fuel aircraft engines.

LEGISLATIVE PROVISIONS

1. Subparagraph (a) of the first paragraph of section 2 of the FTA provides that every person that acquires gasoline in Québec for purposes other than resale must pay the Minister of Revenue fuel tax on each litre of that fuel at the rate prescribed under that subparagraph.
2. However, where gasoline is acquired for the purpose of fuelling an aircraft engine, a tax of \$0.03 per litre applies, in accordance with the fourth paragraph of section 2 of the FTA.
3. Furthermore, under paragraph (g) of section 9 of the FTA, aviation fuel used on an international flight within the meaning of the regulations is exempt from the tax provided for in section 2 of the FTA.
4. In addition, under subparagraph (ix) of paragraph (a) of section 10 of the FTA, a person is entitled to a refund of the tax the person paid on gasoline that was used to fuel an aircraft engine while it was being tested on the ground or in the air.

APPLICATION OF THE ACT

AUTOMOTIVE GASOLINE USED IN AVIATION

5. Certain types of automotive gasoline can be used to fuel the engines of certain types of aircraft.
6. Where it is clearly established that the automotive gasoline is being acquired for the purpose of fuelling an aircraft engine, the applicable tax is \$0.03 per litre by reason of the fourth paragraph of section 2 of the FTA.
7. However, where it is impossible to determine at the time of the sale whether the automotive gasoline will be used by the consumer to fuel an aircraft engine or a motor vehicle engine, the tax prescribed under subparagraph (a) of the first paragraph of section 2 of the FTA applies.

Sales for the purpose of resale

8. Where automotive gasoline is sold to a wholesaler or a retailer, the vendor, as the collection officer, must collect an amount equal to the tax prescribed under subparagraph (a) of the first paragraph of section 2 of the FTA, since, at that stage, it is impossible to determine whether the gasoline will be used to fuel an aircraft engine or a motor vehicle engine.

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Sales to consumers

9. In the case of a retail sale of automotive gasoline to a consumer for the purpose of fuelling an aircraft engine, the vendor must collect the tax prescribed under the fourth paragraph of section 2 of the FTA. It is then up to the vendor to determine and justify to the Minister the amount of the refund to which the vendor is entitled. That amount is equal to the difference between the amount of tax the vendor paid to the collection officer and the amount of tax the vendor collected from the consumer.

10. However, if the vendor is unable to determine at the time of the sale to the consumer that the automotive gasoline sold will be used to fuel an aircraft engine, the vendor must collect the amount of tax prescribed under subparagraph (a) of the first paragraph of section 2 of the FTA. It is then up to the consumer to file an application for a refund with the Minister and to justify the amount of the refund to which the consumer is entitled.

Exemption and refund

11. Automotive gasoline used on an international flight within the meaning of the regulations is not subject to fuel tax. The current version of bulletin CAR. 2 describes the flights that Revenu Québec considers to be international flights.

12. For a person to be entitled to a refund of the fuel tax the person paid on automotive gasoline that was used to fuel an aircraft engine while it was being tested on the ground or in the air, the person must file an application for a refund within the time allowed and according to the procedure established by the *Regulation respecting the application of the Fuel Tax Act* (CQLR, c. T-1, r. 1).