

Notice to Collectors, Deputy Collectors and Retail Dealers – Fuel Tax Changes and Inventory Requirements

Carbon Tax Act and Motor Fuel Tax Act

Overview

A number of important changes to the *Carbon Tax Act* and *Motor Fuel Tax Act* were announced in the [September Budget Update 2009](#). These changes, which are **effective January 1, 2010**, are explained in the [Renewable Fuels Notice – Carbon Tax](#) and [Renewable Fuels Notice – Motor Fuel Tax](#), issued in September 2009.

This notice explains the responsibilities of deputy collectors and retail dealers for calculating and remitting the additional security due under the *Carbon Tax Act* and *Motor Fuel Tax Act* as a result of these changes.

You are a deputy collector or retail dealer if you have purchased fuel for resale on which you have paid, or will be paying, security to your supplier as required under the *Carbon Tax Act* or *Motor Fuel Tax Act*.

This notice does not apply to propane and natural gas sellers.

South Coast British Columbia Transportation Authority (TransLink)

Effective January 1, 2010, the South Coast British Columbia Transportation Authority (TransLink) tax rate on clear gasoline and clear diesel fuel sold within the South Coast British Columbia transportation service region is increasing from 12¢ to 15¢ per litre. As a result of this increase by TransLink, the total provincial motor fuel tax rate will increase to 23.5¢ per litre for clear gasoline and 24.00¢ per litre for clear diesel, sold within this region.

Beginning with your January 2010 tax return, you will need to use the revised *South Coast British Columbia Transportation Tax Return* form (FIN 427) to report and remit this tax. This revised form, which is due February 15th, will be available online after January 15, 2010, at www.sbr.gov.bc.ca/business/Consumer_Taxes/Motor_Fuel_Tax/forms.htm

Inventory Reporting Requirements – Carbon Tax Act

If you are a deputy collector or retail dealer who is required to pay security as a result of ethanol, biodiesel, gas liquids and pentanes plus becoming subject to carbon tax, you are required to determine the amount of gasoline including ethanol, light fuel oil including biodiesel, gas liquids or pentanes plus, that you own, or are deemed to own, **immediately after midnight** on December 31, 2009, and remit additional security, if applicable.

You are deemed to own fuel immediately after midnight on December 31, 2009, if:

- you have entered into an agreement to buy fuel and the agreement provides that you own the fuel immediately after midnight on December 31, 2009,
- you have not received delivery of the fuel at that time, and
- you have not entered into an agreement with another person that provides that the other person owns the fuel at that time.

If you are a retail dealer and you have entered into an agreement to sell fuel to an end purchaser before January 1, 2010, and the purchaser has not received delivery of the fuel before January 1, 2010, then you are deemed to own the fuel on January 1, 2010. You must report it as inventory and pay additional security on the inventory.

You must file an inventory return and pay the additional security due on that inventory to the ministry **by January 15, 2010**.

If you do not own any of these fuels on January 1, 2010, you must still provide the ministry with an inventory return stating “nil” or “no inventory”.

You use the *Carbon Tax Return – Inventory* form (**FIN 103-January 1, 2010**) to calculate and report your inventory and the amount of additional security due. The form is available online at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm

You are entitled to an allowance of \$250 for calculating and reporting your fuel inventory, provided you have the capacity to store at least 1,000 litres of fuel and you file the inventory return on, or before, January 15, 2010. You deduct this allowance from the additional security you owe and remit the remaining amount of security to the ministry.

Inventory Reporting Requirements – Motor Fuel Tax Act

If you are a deputy collector or retail dealer who is required to pay security, or additional security, as a result of the elimination of the exemptions for ethanol and

biodiesel, you are required to determine the amount of these fuels that you own, or are deemed to own, **immediately after midnight** on December 31, 2009, and remit additional security, if applicable.

You are deemed to own fuel immediately after midnight on December 31, 2009, if:

- you have entered into an agreement to buy fuel and the agreement provides that you own the fuel immediately after midnight on December 31, 2009,
- you have not received delivery of the fuel at that time, and
- you have not entered into an agreement with another person that provides that the other person owns the fuel at that time.

If you are a retail dealer and you have entered into an agreement to sell fuel to an end purchaser before January 1, 2010, and the purchaser has not received delivery of the fuel before January 1, 2010, then you are deemed to own the fuel on January 1, 2010. You must report it as inventory and pay additional security on the inventory.

You must file an inventory return and pay the additional security due on that inventory to the ministry **by January 15, 2010**.

If you do not own any of these fuels on January 1, 2010, you must still provide the ministry with an inventory return stating “nil” or “no inventory”.

You use the *Motor Fuel Tax Return – Inventory* form (**FIN 154-January 1, 2010**) to calculate and report your inventory and the amount of additional security due. The form is available online at www.sbr.gov.bc.ca/business/Consumer_Taxes/Motor_Fuel_Tax/forms.htm

Further Information

Carbon Tax website: www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm

Motor Fuel Tax website: www.sbr.gov.bc.ca/business/Consumer_Taxes/Motor_Fuel_Tax/mft.htm

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

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. The *Carbon Tax Act*, *Motor Fuel Tax Act* and Regulations to these Acts are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/consumer_taxes.htm