



Provincial Sales Tax (PST) Notice

Notice 2013-006

Issued: March 2013

Notice to Sellers of Energy Products

Provincial Sales Tax Act and Motor Fuel Tax Act

This notice provides information on the tax exemptions for residential energy products, including propane, provided for residential use in a residential dwelling effective April 1, 2013.

The notice includes important information for energy suppliers regarding the wind down of the Residential Energy Credit Program. The deadline for claiming final reimbursements of energy credits under the program is **September 30, 2013** as described on page 4.

The notice also describes the re-implementation of the tax on energy products to raise revenue for the Innovative Clean Energy (ICE) Fund (ICE Fund tax) and how the ICE Fund tax applies to energy products.

For information on how the PST applies to transactions that straddle April 1, 2013, please see [Notice 2012-010](#), *General Transitional Rules for the Re-Implementation of the Provincial Sales Tax*.

Definitions

Residential Energy Products

Residential energy products for the purpose of the PST are:

- electricity
- natural gas
- heating oil that is coloured within the meaning of section 16.1 of the [Motor Fuel Tax Act](#)
- kerosene
- heat, including transferred energy that results in cooling
- steam

Residential Use

Residential use generally includes personal use or consumption of an energy product at a residence by the owner, tenant or other occupant of the residence. Residential use is not limited to energy used for heating a residence; it also includes energy for lighting, cooking and similar residential uses.

Residential use does not include use for a business, commercial or industrial purpose.

Residential Dwelling

A residential dwelling is generally any place an individual resides, or ordinarily resides, including:

- a house, cottage or other detached dwelling

- a duplex
- an apartment, condominium or townhouse
- an apartment building, condominium or townhouse complex that is used only for the purpose of single family dwellings
- an assisted living residence as defined in the *Community Care and Assisted Living Act*
- a long-term residential care facility (e.g. a nursing home or rest home)
- a part of a multi-use building that is used for a residential use
- land attributable to a building or part of a building referred to above that is used for a residential use

A residential dwelling does **not** include:

- a building or part of a building referred to above while under original construction
- a part of a hotel, motel, lodge, resort, or other building or part of a building providing short-term accommodation
- a hospital or other institutional building
- a bunk house or camp building for use in connection with a commercial or construction project
- parts of a building used for a non-residential use (e.g. business, commercial or industrial use)

Exempt Sales of Residential Energy Products

Effective April 1, 2013, you do not charge PST on residential energy products if all of the following criteria are met:

- the residential energy product is obtained solely for residential use in a residential dwelling,
- the residential energy product is delivered or provided to a residential dwelling, a building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of a residential energy product to a residential dwelling that is part of a multi-use building, the residential energy product is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You are required to charge PST when you sell residential energy products where the product is obtained for both residential and non-residential use, and

- the residential use portion is not separately metered, or
- the product is not delivered to a separate storage tank or facility.

However, your customer will be able to apply for a refund of the PST paid that can reasonably be attributed to the portion of the residential energy product used for residential use in a residential dwelling.

If the residential energy product is electricity sold to a qualifying farmer for residential and farm use, see below.

Electricity Sold to a Qualifying Farmer for Residential and Farm Use

Effective April 1, 2013, you do not charge PST on electricity if:

- the electricity is purchased by a qualifying farmer for residential use in a residential dwelling and for a farm purpose and not for any other purpose, and
- you provide the electricity for residential use and for a farm purpose through the same meter.

Generally, a qualifying farmer is a person who owns or leases land classified as farm land under the *Assessment Act*. For more information on qualifying farmers, and on the requirements for providing exempt sales of electricity to farmers, please see [Bulletin PST 101](#), *Farmers*.

Propane

Effective April 1, 2013, propane will be taxed at 2.7 cents per litre under the *Motor Fuel Tax Act* unless a specific exemption applies. As there is an exemption for propane purchased for residential use in a residential dwelling, you do not charge motor fuel tax on propane when all of the following criteria are met:

- the propane is obtained for use solely for residential use in a residential dwelling,
- the propane is delivered or provided to a residential dwelling, a building that contains a residential dwelling, or a storage tank or facility that is located at and connected to a residential dwelling, and
- in the case of a delivery or provision of propane to a residential dwelling that is part of a multi-use building, the propane is delivered or provided to a storage tank or facility, or through a meter, that services only the part of the building that is used only for residential use.

Please note: You are required to charge motor fuel tax when you sell residential propane where the propane is obtained for both residential and non-residential use, and

- the residential use portion is not separately metered, or
- the propane is not delivered to a separate storage tank or facility.

However, your customer will be able to apply for a refund of the motor fuel tax paid that can reasonably be attributed to the portion of the propane used for residential use in a residential dwelling.

If the propane is sold to a farmer or qualifying person other than an out-of-province farmer for residential and farm use, you may also sell the propane exempt from motor fuel tax if certain conditions are met. For information, see [Notice 2012-015](#), *Notice to Propane Purchasers and Sellers*.

General information on taxable and exempt sales of propane, including the sellers' eligibility to apply to the ministry for a refund of the security paid on the propane, is available in [Notice 2012-015](#), *Notice to Propane Purchasers and Sellers*. More information on other propane exemptions is also provided in that notice.

Other Fuels Used as a Source of Energy

Effective April 1, 2013, the following fuels are exempt from PST:

- pelletized fuel, as defined in the Solid Fuel Burning Domestic Appliance Regulation
- manufactured fire logs

- barbeque briquettes
- wood and charcoal, if obtained for use as a source of energy

You do not charge PST when you sell these fuels, regardless of whether they will be used as a residential or commercial source of energy.

Tax on Energy Products (ICE Fund)

Effective April 1, 2013, the 0.4% tax on the purchase price of energy products to raise revenue for the Innovative Clean Energy (ICE) Fund is being re-implemented. The ICE Fund tax applies to the following energy products:

- natural gas (excluding natural gas purchased for use in a stationary internal combustion engines),
- fuel oil, other than kerosene, used for the purposes of heating, cooling or raising steam, and
- propane in a vapourized form delivered:
 - by a public utility, as defined in the *Utilities Commission Act*,
 - by pipe, and
 - to purchasers at the place at which the propane will be used.

The ICE Fund tax does not apply to electricity.

Sellers of natural gas, fuel oil and propane sold on a grid system must collect the ICE Fund tax from all their customers (including residential customers) and remit the tax on their PST return for the reporting period that includes the sale of the energy product.

Please note: The PST exemption for residential energy products does not apply to the ICE Fund tax. This means you charge the 0.4% ICE Fund tax to residential customers.

More information on the ICE Fund tax to raise revenue for the ICE Fund will be provided in the near future.

Transition - Wind down of the Residential Energy Credit Program

Sales of residential energy products that are subject to the harmonized sales tax (HST) are eligible for the residential energy credit. The residential energy credit will end with the elimination of the HST.

For information on the PST transitional rules, please see PST [Notice 2012-010](#), *General Transitional Rules for the Re-implementation of the Provincial Sales Tax*.

For information on the HST transitional rules, please see Canada Revenue Agency [Notice 270](#), *Elimination of the HST in British Columbia in 2013 – Questions and Answers*.

Deadline for Final Reimbursements – September 30, 2013

As part of the wind down of the Residential Energy Credit Program, the period for energy suppliers to claim reimbursements of energy credits the energy supplier has provided to customers has been changed. All claims by energy suppliers for reimbursements must be received by the ministry on or before **September 30, 2013** in order for reimbursement to be made. Applications received after that date will not be processed.

There is no change in the timeline for consumers to claim an energy rebate directly from the ministry if there was no energy credit provided.

For more information on the Residential Energy Credit Program, please see [HST Notice 005](#), *Notice to Energy Suppliers – Residential Energy Credit Program for British Columbia Harmonized Sales Tax (HST)*.

Further Information

If you have any questions, please call us toll free at 1 877 388-4440 or email your questions to CTBTaxQuestions@gov.bc.ca

You can also find information on our website at gov.bc.ca/pst

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. You can access the legislation and regulations on our website under [Forms and Publications](#).

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