

Notice to Coloured Fuel Sellers and Farmers

Carbon Tax Exemption

Carbon Tax Act

This notice provides information on a new exemption for farmers under the *Carbon Tax Act*. **Effective January 1, 2014**, farmers may purchase coloured gasoline and coloured diesel for authorized uses exempt from carbon tax (currently only exempt from motor fuel tax).

A farmer is a person who operates a farm on land that is classified as a farm under the *Assessment Act*.

This exemption from carbon tax applies only to gasoline and diesel coloured in accordance with the *Motor Fuel Tax Act*. It does **not apply to other categories of light fuel oil** (including coloured heating oil) or to other fuels, such as propane.

Farmers

Effective January 1, 2014, farmers may purchase coloured gasoline and coloured diesel for the following authorized uses exempt from carbon tax (currently exempt from motor fuel tax):

- operating a ship,
- operating a tractor when used on other than a highway,
- operating an industrial machine when used on other than a highway,
- operating a stationary engine or portable engine,
- operating a tractor when used on a highway by or on behalf of a farmer for the purposes of the farmer's farm,
- operating a farm truck being used by a farmer or other person in the operation of the farm,
- operating a motor vehicle that is not licensed to operate on a highway when used on other than a highway, and

- operating a tractor, an industrial machine or road building machine, or a motor vehicle not licensed to operate on a highway, when proceeding to or returning from a location where the use of the fuel in the tractor, machine or motor vehicle is otherwise authorized.

Industrial machines include bulldozers, backhoes, front-end loaders, shovels, grass mowers, forklifts and any machine equipped with caterpillar trucks.

To claim a carbon tax exemption for coloured fuel purchases on or after January 1, 2014, you must provide the following documentation to your fuel supplier at or before the time of sale:

- a copy of your current (not expired) farmer's BC *Farmer Identity Card*, or a completed and signed *Certificate of Exemption – Farmer (FIN 458)*, and
- if fuel is purchased through a cardlock system on your account, a completed *Coloured Fuel Account Certification* form ([FIN 438](#)).

If your fuel supplier currently has this information on file to support the motor fuel tax exemption, you are not required to update the information unless something has changed.

If you pay carbon tax on coloured fuel purchases on or after January 1, 2014, you may apply for a refund by completing an *Application for Refund of Carbon Tax – Purchaser of Fuel (FIN 108)*.

Coloured Fuel Sellers

Effective January 1, 2014, you are **not** required to collect carbon tax on sales in BC to farmers if the coloured gasoline and coloured diesel fuel is:

- delivered to a storage tank on farm land,
- sold from a bulk agent on the farmer's account (i.e. not a cash, credit card or debit card sale), or
- sold through a cardlock system on the farmer's account.

As with the exemption for motor fuel tax, you must keep documentation from the eligible farmer to show why you did not charge tax (see above).

If you pay security on coloured fuel and you sell the fuel exempt of carbon tax to a farmer, you may apply for a refund as follows.

- **Collectors** – claim a refund on your regular carbon tax return by deducting the refund amount from the amount of the security due on the return for the same reporting period.

- **Deputy collectors or retail dealers** – apply for a refund using an *Application for Refund of Carbon Tax – Deputy Collector or Retail Dealer* (**FIN 143**).

Please note: In order to sell coloured fuel, you must receive authorization from the ministry. For more information, please see **Bulletin MFT-CT 003**, *Coloured Fuels*.

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/consumertaxes under **Motor Fuel Tax and Carbon Tax**.

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. You can find the *Carbon Tax Act* and regulations on our website (go to **Motor Fuel Tax and Carbon Tax** and then **Publications**).