

Commercial Air or Marine Services

Carbon Tax Act

Do you own or operate a commercial air service or a commercial marine service?

Do you need to know if you qualify to become a registered air service or a registered marine service under the *Carbon Tax Act*?

This bulletin explains the requirements for becoming a registered air service or a registered marine service under the *Carbon Tax Act* and the associated responsibilities. This bulletin also explains the requirements for self-assessing or claiming a refund of carbon tax for non-registered commercial air services and non-registered commercial marine services.

This bulletin does not apply to commercial air services that do not have flights between two points in British Columbia. These businesses may apply to become a registered consumer. For information on becoming a registered consumer, please see [Bulletin MFT-CT 004, *Registered Consumers*](#). This bulletin also does not apply to interjurisdictional cruise ships that have scheduled ports of call outside of British Columbia or other ships prohibited from coasting trade under the *Coasting Trade Act* (Canada). Fuel used in the operation of these ships is exempt from carbon tax.

Table of Contents

Overview.....	2
Registered Air or Marine Services	2
Qualifying for Registration as a Registered Air Service	2
Qualifying for Registration as a Registered Marine Service	3
How to Apply	3
Responsibilities	4
Non-Registered Air or Marine Services.....	6
Responsibilities	6
How to Pay Carbon Tax.....	7
Refunds	8

Overview

Carbon tax applies to fuels, such as gasoline, diesel, natural gas, heating fuel, propane and coal. Carbon tax also applies to combustibles, such as peat and tires, when used to produce heat or energy. For a complete list of the fuels and combustibles subject to carbon tax and their tax rates, please see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

A registered air service or a registered marine service is authorized to purchase specific types of fuel without paying carbon tax at the time of purchase in British Columbia. For example, a registered air service can purchase aviation or jet fuel without paying carbon tax at the time of purchase, and a registered marine service can purchase light fuel oil or heavy fuel oil without paying carbon tax at the time of purchase. However, they are required to self-assess and pay carbon tax on all fuel that they use for a non-exempt purpose in British Columbia.

Commercial air services and commercial marine services that are not registered are required to pay carbon tax on fuel at the time of purchase in British Columbia and on fuel brought into British Columbia that they use for a non-exempt purpose. They may also be eligible for a refund of carbon tax paid on fuel used for an exempt purpose.

Registered Air or Marine Services

Qualifying for Registration as a Registered Air Service

You may apply to the ministry for registration as a registered air service if:

- you own or operate a commercial air service that:
 - provides interprovincial or international air transportation of passengers and/or goods to members of the public for a fee, or
 - provides interprovincial or international air services other than the transportation of passengers and/or goods (e.g. aerial surveying or spraying) to members of the public for a fee,
- at least 50% of the fuel that you use in all flights beginning or ending in the province is for flights that do not connect two locations in the province, and
- you hold a licence issued by the Canadian Transportation Agency and if required by Transport Canada, an operating certificate issued by Transport Canada for each type of aircraft owned and operated by you.

Qualifying for Registration as a Registered Marine Service

You may apply to the ministry for registration as a registered marine service if:

- you own or operate a commercial marine service that:
 - provides marine transportation of passengers and/or goods to members of the public for a fee on ships owned or operated by you, and
 - at least 50% of all the marine trips of all your ships that begin or end in British Columbia are trips that do not include a segment of a marine trip that begins at a port or other similar place in British Columbia and ends at the same location or another port or similar place in British Columbia.

OR

- you own or operate a commercial marine service that:
 - provides marine services other than the marine transportation of passengers and/or goods to members of the public for a fee on ships owned or operated by you, and
 - at least 50% of all the marine trips of all your ships that begin or end at a port or other similar place in British Columbia, begin or end at a port or other similar place that is outside of British Columbia with no intervening stops.

How to Apply

To apply for registration as a registered air service, you need to complete and send in an *Application for Registration as a Registered Air Service* ([FIN 123](#)).

To apply for registration as a registered marine service, you need to complete and send in an *Application for Registration as a Registered Marine Service* ([FIN 155](#)).

Before being registered as either a registered air service or registered marine service, you will be required to enter into an agreement with the ministry that sets out the duties and conditions of your registration. This may include providing an unconditional letter of credit from a recognized Canadian financial institution.

If you are conditionally approved for registration, the ministry will send you two copies of an agreement. If you agree with the duties and conditions, you must sign and return both copies to the ministry. The director will then sign both copies of the agreement and return one copy to you.

If you are approved for registration, the ministry will also send you a *Registered Air Service Certificate* or a *Registered Marine Service Certificate*, which will include your name, address, registration number and the type of fuel(s) you may purchase exempt.

If you are not approved for registration, the ministry will send you a letter explaining why your application was refused and how to appeal the decision if you disagree. If your application is refused, you will be required to pay carbon tax at the time of purchasing fuel in the province, and you will be required to self-assess carbon tax on fuel you transfer or bring into the province in a supply tank or otherwise import and use in British Columbia. You may apply for a refund of tax on the portion of the fuel that you use for an exempt purpose. For more information on refunds of carbon tax, please see the section below, Non-Registered Air or Marine Services.

Responsibilities

Purchasing Fuel

As a registered air service or registered marine service, you may purchase the type(s) of fuel indicated on your certificate without paying the carbon tax at the time of purchase by providing your supplier with a copy of your certificate or your certificate number and the fuel type.

Paying Carbon Tax

As a registered air service or registered marine service, you are required to self-assess and pay carbon tax when you use the type(s) of fuel indicated on your certificate for a non-exempt purpose (e.g. fuel used in a flight connecting two points within British Columbia). This includes fuel that you:

- purchase in British Columbia,
- bring into British Columbia in the supply tank or supplemental supply tank of an aircraft or vessel, or
- purchase outside of British Columbia and transfer into the receptacle of an aircraft or ship within British Columbia.

You are also required to self-assess and remit carbon tax on the amount of fuel you determine will not be used (e.g. due to spillage).

If you use any type of fuel in British Columbia that is not indicated on your *Registered Air Service Certificate* or *Registered Marine Service Certificate* (e.g. you import another type of fuel or combustible that you use for a non-exempt purpose), you are required to self-assess and pay carbon tax on that fuel or combustible. For more information, please see [Bulletin MFT-CT 006](#), *Self-Assessing Motor Fuel and Carbon Tax*.

Reporting Periods

Reporting periods are monthly, quarterly or annually and are established when you become a registered air service or a registered marine service. Your reporting period will be based on the annual amount of carbon tax you are required to remit:

- less than \$12,000 of carbon tax – annual reporting (July 1 – June 30),

- \$12,000 to less than \$120,000 of carbon tax – quarterly reporting (January 1 – March 31, April 1 – June 30, July 1 – September 30, October 1 - December 31), or
- \$120,000 or more of carbon tax – monthly reporting.

You use the *Carbon Tax Return – Registered Air Service or Registered Marine Service* form (**FIN 105**) to report and remit the carbon tax due. There are different versions of the tax return form that correspond to the different carbon tax rate periods. Please ensure you use the correct tax return form for the correct tax rate period.

Tax Returns and Payments - Due Date

You must file a return and remit any carbon tax due to the ministry by the **15th day** of the month following the reporting period in which you used the fuel in the province.

If you send in your tax return and payment by mail, it is considered on time if the envelope is postmarked by Canada Post (or a national equivalent if outside Canada) on or before the due date. A business postage meter mark is not sufficient. If you mail your tax return and payment on or near the due date, request Canada Post to postmark the envelope immediately.

If the due date for the tax return and payment falls on a weekend or a British Columbia statutory holiday, the due date is the next business day.

If you hand deliver your tax return and payment or send it by courier, it must be received by the ministry by the close of business (4:30 pm) on the due date.

In all cases, payments must be negotiable on or before the due date and payable in Canadian funds to the Minister of Finance.

If no payment is due because no tax is due, you are still required to submit a **nil** tax return on time. You may fax it on or before the due date, but it must be received by the ministry by 11:59 pm on the due date.

Nil tax returns and amended tax returns are treated the same as other late tax returns in evaluating filing history.

Suspension and Cancellation of Registered Air or Marine Service Registrations

Your certificate as a registered air service or a registered marine service may be suspended or cancelled for non-compliance with the *Carbon Tax Act* or regulations or for failing to meet the duties and conditions set out in your agreement.

If your certificate is suspended or cancelled, you are required to pay carbon tax at the time of purchasing fuel in the province that you were previously eligible to purchase

without paying tax. You are also required to continue self-assessing carbon tax on fuel you transfer or bring into the province in a supply tank or otherwise import and use for a non-exempt purpose in British Columbia. You may apply for a refund of carbon tax paid on the portion of fuel purchased in British Columbia that you use on trips or flights that begin or end outside of the province. For more information on self-assessing or refunds of carbon tax, please see the section below, Non-Registered Air or Marine Services.

Non-Registered Air or Marine Services

Businesses that provide commercial air or commercial marine services but do not have a registered air service or marine service certificate (or have had their certificate suspended or cancelled) are considered non-registered air services or marine services. Non-registered businesses still have certain responsibilities and refund opportunities under the Act.

Responsibilities

Paying Carbon Tax – Commercial Air Services

If you are not registered as a commercial air service, you are required to pay carbon tax at the time you purchase fuel from your supplier in British Columbia. If you did not pay carbon tax at the time of purchase because you:

- brought the fuel into British Columbia in the supply tank or supplemental supply tank of an aircraft, or
- purchased fuel outside of the province and transferred the fuel into the receptacle of an aircraft within British Columbia,

you are required to self-assess and pay the carbon tax unless the fuel is used in a flight that:

- transported passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of British Columbia, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

OR

- provided an air service other than the transportation of passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of British Columbia, as long as that beginning or ending outside British Columbia was integral to the provision of the air service, and

- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

Paying Carbon Tax – Commercial Marine Services

If you are not registered as a commercial marine service, you are required to pay carbon tax at the time you purchase fuel from your supplier in British Columbia. If you did not pay carbon tax at the time of purchase because you:

- brought the fuel into British Columbia in the supply tank or supplemental supply tank of a ship, or
- purchased the fuel outside of the province and transferred the fuel into the receptacle of a ship within British Columbia,

you are required to self-assess and pay the carbon tax.

How to Pay Carbon Tax

If you owe carbon tax, you are required to file the *Refund Application/Return – Carbon Tax – Non-Registered Air or Marine* form ([FIN 171](#)) and pay the tax due to the ministry by the **28th day** of the month following the reporting period in which you use the fuel. There are different versions of the refund application/return form that correspond to the different carbon tax rate periods. Please ensure you use the correct refund application/return form for the correct tax rate period.

Reporting Periods

Reporting periods are monthly, quarterly or annually and are established by the ministry after you have filed your first tax return. Your reporting period will be based on the annual amount of carbon tax you are expected to self-assess and pay:

- less than \$12,000 of carbon tax – annual reporting (July 1 – June 30),
- \$12,000 to less than \$120,000 of carbon tax – quarterly reporting (January 1 – March 31, April 1 – June 30, July 1 – September 30, October 1 - December 31), or
- \$120,000 or more of carbon tax – monthly reporting.

Tax Returns and Payments - Due Date

If you send in your tax return and payment by mail, it is considered on time if the envelope is postmarked by Canada Post (or a national equivalent if outside Canada) on or before the due date. A business postage meter mark is not sufficient. If you mail your tax return and payment on or near the due date, request Canada Post to postmark the envelope immediately.

If the due date for the tax return and payment falls on a weekend or a British Columbia statutory holiday, the due date is the next business day.

If you hand deliver your tax return and payment or send it by courier, it must be received by the ministry by the close of business (4:30 pm) on the due date.

In all cases, payments must be negotiable on or before the due date and payable in Canadian funds to the Minister of Finance.

If your tax return and payment are not received on time, penalties and interest may be applied.

Refunds

Applying for a Refund of Carbon Tax – Commercial Air Service

If you purchase fuel within British Columbia for a commercial air service, you may apply for a refund of the carbon tax you paid on fuel used in a flight that:

- transported passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of British Columbia, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

OR

- provided an air service other than the transportation of passengers and/or goods,
- was for members of the public for a fee,
- began or ended outside of British Columbia, as long as that beginning or ending outside British Columbia was integral to the provision of the air service, and
- was authorized by the Canadian Transportation Agency and if required by Transport Canada, was issued an operating certificate by Transport Canada for the type of aircraft used for the flight.

Applying for a Refund of Carbon Tax – Commercial Marine Service

If you purchase fuel for a commercial marine service in British Columbia, you may apply for a refund of carbon tax you paid on fuel used in a ship on a marine trip, or a segment of a marine trip, that:

- was provided to members of the public for a fee, transported passengers and/or goods, and did not include a segment of a marine trip that began at a port or other similar place in British Columbia and ended at the same location or at another port or similar place in British Columbia, or

- provided marine services other than the marine transport of passengers and/or goods to members of the public for a fee and began or ended at a port or other similar place in British Columbia, as long as that marine trip began or ended at a port or other similar place that is outside of British Columbia with no intervening stops and that segment of the marine trip was integral to the provision of the marine service.

Refund Application/Return

To apply for a refund of carbon tax, you also use the *Refund Application/Return – Carbon Tax – Non-Registered Air or Marine* form (**FIN 171**). There are different versions of the refund application/return form that correspond to the different carbon tax rate periods. Please ensure you use the correct refund application/return form for the correct tax rate period.

If the net amount you report on the form shows that tax is due, the form is considered a return.

If the net amount you report on the form shows that you overpaid tax, the form is considered an application for a refund.

For more information on how to submit the form and the detailed information required to support your refund or return, please see the instructions and documentation requirements attached to the *Refund Application/Return – Carbon Tax – Non-Registered Air or Marine* form (**FIN 171**).

Need more info?

Motor Fuel and Carbon Tax website: www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.htm

Toll free in Canada: 1 877 388-4440

E-mail: CTBTaxQuestions@gov.bc.ca

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Carbon Tax Act* and Regulations are on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/MotorFuelTax_CarbonTax/mft_ct.htm