

Notice to Sellers of Electricity, Natural Gas, Fuel Oil and Propane: Innovative Clean Energy (ICE) Fund

Levy Extension

Social Service Tax Act

This notice explains that the Innovative Clean Energy (ICE) Fund Levy **will continue after September 1, 2008**. It also outlines the levy requirements and exemptions, and replaces the notices dated July 2007 and January 2008.

Overview

As part of the BC Energy Plan, the government created the ICE Fund to help support clean energy initiatives. The ICE Fund is managed by the Ministry of Technology, Trade and Economic Development and is funded by a levy on purchases of electricity, natural gas, grid propane and fuel oil (i.e. heating oil) by industrial, residential and commercial customers.

Sellers of electricity, natural gas, grid propane or fuel oil charge their customers a levy of 0.4% on the purchase price of these energy products delivered on or after September 1, 2007. The government estimates the total amount of the levy collected and allocates this amount to the ICE Fund on a quarterly basis.

Levy Extension

The ICE Fund Levy was established to provide the \$25 million necessary for the ICE Fund. It was anticipated this would take 12 to 14 months. Due to the success of the ICE Fund in encouraging innovation in the energy sector, and helping British Columbia meet its ambitious greenhouse gas emission reduction and clean energy targets, the government announced on July 18, 2008, that the ICE Fund Levy will remain in place after the initial \$25 million has been collected.

Therefore, if you sell electricity, natural gas, grid propane or fuel oil, you must continue to charge your customers the levy of 0.4% on the purchase price of these energy products.

When to Charge

You charge the ICE Fund Levy to industrial, residential and commercial customers on the following energy products:

- electricity,
- natural gas,
- fuel oil (i.e. heating oil), and
- propane sold on a grid system, which includes communities such as Big White, Kicking Horse, Granisle, Panorama, Port Alice, Revelstoke, Silver Star, Squamish, Sun Peaks and Whistler.

Please note: The provincial sales tax (PST) exemption for electricity, natural gas, propane and fuel oil used for residential purposes does not apply to the levy. This means you charge the ICE Fund Levy to residential customers.

When Not to Charge

You do not charge the ICE Fund Levy on the following:

- exempt energy products including kerosene, butane and propane (other than propane on a grid system),
- fuel taxed or exempted from tax under the *Motor Fuel Tax Act* (e.g. fuel used in a motor vehicle, generator or chainsaw),
- sales to other retailers, and
- sales to the following exempt customers, as long as they meet all the criteria for exemption:
 - federal government,
 - First Nations, and
 - diplomats.

For more information on sales to exempt customers, please see the following bulletins:

- **GEN 002**, *Sales and Leases to the Governments of Canada and British Columbia*
- **SST 034**, *Procedures for Making Exempt Sales or Leases to Indians and Indian Bands*
- **GEN 006**, *Exemption for Members of the Diplomatic and Consular Corps: Instructions to Vendors and Operators*

Please note: You do not charge the federal goods and services tax (GST) on the levy. For information on the GST, please see Canada Revenue Agency's website at www.cra.gc.ca

Recording the Levy on Customers' Bills

You record the levy as a separate item on your customers' bills.

Example

Energy product charge (e.g. electricity)	\$100.00
Innovative Clean Energy Fund Levy (0.4%)	\$0.40
Provincial sales tax (PST) (7% of \$100.00)	\$7.00

Where it is not possible to record the levy separately, you may combine the levy with the PST, as long as you state this on the bill.

Example

Energy product charge (e.g. electricity)	\$100.00
PST (7.4%)*	\$7.40

*0.4% of the 7.4% PST is the Innovative Clean Energy Fund Levy

Remitting the Levy

To remit the levy to the Ministry of Small Business and Revenue, you record the total levy collected at Step 2 of your PST tax return. For more information, please see [Bulletin SST 032](#), *Completing the Social Service Tax Return Form*.

Maximum Levy Payable - Exemption

The maximum levy payable by one customer over a 12-month period beginning September 1st of each year is \$100,000. After they have paid \$100,000 for that period, customers can claim a refund from the Ministry of Small Business and Revenue for amounts paid over the maximum.

However, a number of companies exceed the maximum payable within a relatively short period of time. Therefore, to reduce the administrative impact for companies having to apply for multiple refunds, companies are eligible for an exemption from paying further levies in the period that the maximum payable has been reached.

When a company applies for their first refund after reaching the maximum, they will receive written confirmation from the ministry that they have paid the maximum levy for that period. The customer needs to provide a copy of the confirmation letter from the ministry to their energy product seller(s) to claim the

exemption, rather than continue to apply for refunds. The seller(s) can use the letter as authorization to stop charging the levy for the rest of that period. A new confirmation letter must be obtained for each 12-month period beginning September 1st.

Customers who have paid more than \$100,000 during the 12-month period do not have to request an exemption and may instead claim a refund from the ministry for amounts paid over the maximum. For general information on claiming refunds, please see our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/refunds.htm

Further Information

For more information about the ICE Fund, please see the Ministry of Technology, Trade and Economic Development's website at www.gov.bc.ca/ecdev/popt/innovative_clean_energy_fund.html

For more information about the BC Energy Plan, please see the Ministry of Energy, Mines and Petroleum Resources' website at www.energyplan.gov.bc.ca

For more information about charging and collecting the ICE Fund Levy, please see our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/ICE_Fund_Levy.htm

If you have any questions, please call us at 604 660-4524 in Vancouver, or 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 www.sbr.gov.bc.ca/business/Consumer_Taxes/consumer_taxes.htm