

Ministry of Finance

Tax Notice



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Notice 2008-020

www.fin.gov.bc.ca/rev.htm

Notice to Natural Gas and Propane Sellers

Carbon Tax

Carbon Tax Act

This notice applies to sales of propane prior to July 1, 2010. Effective July 1, 2010, retail dealers of propane are required to pay a security to their suppliers. For more information, please see [Notice 2010-004](#), *Notice to Propane Sellers – Carbon Tax*.

Overview

Effective January 1, 2010, the distinction between raw natural gas and marketable natural gas is eliminated. Raw natural gas and marketable natural gas are now referred to and treated as natural gas. Consequently, if you hold a *Marketable Natural Gas and Propane Retailer Certificate*, that certificate will now be considered as a *Natural Gas and Propane Retail Dealer Certificate*, and you are not required to re-apply for a new certificate.

Carbon tax applies to the retail purchase or use of natural gas and propane in British Columbia. For information on the rates of carbon tax on natural gas and propane, please see the [carbon tax rate schedules](#).

This notice explains the responsibilities of natural gas and propane sellers for collecting, reporting and remitting carbon tax under the *Carbon Tax Act*. For information on how carbon tax applies to sales of other fuel types, please see [Notice 2008-021](#), *Notice to Fuel Sellers – Carbon Tax*.

The responsibilities of fuel sellers differ depending on the type of activity carried out by the fuel seller. For natural gas and propane sales, the retail dealer will collect the carbon tax at the time of the retail sale to end purchasers and remit the carbon tax directly to the ministry. Unlike other fuels subject to carbon tax, retail dealers of natural gas and propane are not required to pay a security to their suppliers.

Retail Dealers

Registration as a Natural Gas or Propane Retail Dealer

If you make retail sales of natural gas or propane to end purchasers, you are required to apply to the ministry to be registered as a natural gas or propane retail dealer under the *Carbon Tax Act*. This requirement also applies to retailers who sell prefilled, refillable propane cylinders or who operate a propane cylinder exchange program.

How to Apply

To apply for registration as a natural gas or propane retail dealer, you need to complete and send in an *Application for Registration as a Natural Gas or Propane Retail Dealer* ([FIN 115](#)).

Before being registered as a natural gas or propane retail dealer, you may be required to enter into an agreement with the ministry that sets out the duties and conditions of your registration. This may include posting a bond or surety.

If you are approved for registration as a natural gas or propane retail dealer and you are required to enter into an agreement, the ministry will send you a copy of the signed agreement and a certificate authorizing you to sell natural gas or propane. If an agreement is not required, you will still receive a certificate authorizing you to sell natural gas or propane. The forms and information that you will need to report and remit the carbon tax that you collect on your sales will also be included.

If you are not approved for registration as a natural gas or propane retail dealer, 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 not be authorized to sell natural gas or propane to end purchasers in British Columbia.

If you have not yet been appointed as a natural gas or propane retail dealer under the *Carbon Tax Act* but you are operating as a retail dealer, you are still required to remit the carbon tax to the ministry and meet the other obligations of a natural gas or propane retail dealer.

Suspension and Cancellation of Natural Gas or Propane Retail Dealer Registrations

Your registration as a natural gas or propane retail dealer may be suspended or cancelled for non-compliance with the *Carbon Tax Act* or regulations, or for failure to meet the duties and conditions set out in your agreement. You may appeal the suspension or cancellation of your registration if you disagree with the decision. If your registration as a natural gas or propane retail dealer is suspended or cancelled, you will not be authorized to sell propane or natural gas to end purchasers in British Columbia.

Responsibilities of Natural Gas or Propane Retail Dealers

Purchases of Natural Gas or Propane for Resale

You may purchase natural gas or propane for resale without paying carbon tax by providing your supplier with your carbon tax registration number.

Collecting and Remitting Carbon Tax

You are required to collect carbon tax on retail sales of natural gas or propane to end purchasers, unless they are authorized to purchase without paying carbon tax at the time of sale, such as registered consumers (see the section below, Non-Taxable Sales).

If you are selling natural gas or propane to a retail dealer who is purchasing the natural gas for resale, you will need to record their carbon tax registration number on the sales invoice. You need to keep a copy for your records to show why you did not collect carbon tax.

If you are selling natural gas or propane to a wholesale dealer who does not have a carbon tax registration number, you will need to have the wholesaler dealer sign a *Certificate of Exemption as a Natural Gas or Propane Wholesale Dealer* form ([FIN 187](#)) certifying that they are purchasing the fuel for resale and they are not a retail dealer. You need to keep the signed certificate for your records to show why you did not collect carbon tax.

Reporting periods are monthly, quarterly or annually, and are established when you are registered as a natural gas or propane retail dealer. 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 are required to report your sales and remit the carbon tax due to the ministry by the **15th day** of the month following the reporting period in which you first sold the fuel in the province. You use the *Carbon Tax Return - Natural Gas or Propane Retail Dealer* form ([FIN 106](#)) to report your sales and remit the tax due. Once you are registered, you will receive a reminder in the mail prior to your remittance due date.

Carbon 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 on, or before, the due date. A business postage

meter mark is not sufficient. If you deliver your tax return and payment in any other manner, such as by hand or by courier, it must be received by the ministry by the close of business (4:30 pm) on the due date to be considered on time. If tax returns and payments are not received on time, penalties and interest may be applied.

Please note: The due date of the 15th of the month for carbon tax returns and payments is different from the due date for PST returns and payments, which are due on the 23rd of the month.

Reporting Carbon Tax on Sales Invoices

You are required to record the following information on your fuel sales invoices, unless the sale occurs at a retail store or retail gas station:

- date of the sale,
- your name and address,
- name and address of the person you sold the fuel to,
- quantity of each type of fuel sold, and
- the rate of carbon tax for each type of fuel sold as a separate line or column on the invoice.

Non-Taxable Sales

You are not required to collect carbon tax on natural gas or propane that you sell:

- in-province and export from British Columbia for an end purchaser's own use outside of the province,
- to an end purchaser for their own use outside of British Columbia if the end purchaser, at the time of sale, has entered into a contract with a common carrier to export the fuel from the province,
- to a business that holds a *Registered Consumer Certificate* that specifies that they may buy natural gas or propane exempt of tax (see [Notice 2008-019](#), *Registered Consumer – Carbon Tax*), such as:
 - inter-jurisdictional rail services,
 - inter-jurisdictional air services, and
 - businesses that use fuel for an exempt purpose,
- to inter-jurisdictional cruise ships,
- to ships prohibited from coasting trade under the *Coasting Trade Act* (Canada),
- to registered air services or registered marine services (see [Notice 2008-018](#), *Registered Air Service and Registered Marine Service – Carbon Tax*),
- to wholesale or retail dealers for resale,

- in sealed, pre-packaged containers of four litres or less,
- on reserve to First Nations end purchasers who qualify as Indians or bands under the *Indian Act* (Canada), and
- to visiting forces and members of the diplomatic and consular corps.

You need to keep documentation in your records to show why you did not collect carbon tax. This may include copies of carbon tax registrations, certificates of exemption, registered consumer and registered air or marine service certificates.

Self-Assessing Carbon Tax on Fuel for Your Own Use

You are required to self-assess and remit carbon tax on natural gas and propane taken from your resale supply for your own use. For more information, please see [Notice 2008-022](#), *Self-Assessing Carbon Tax*.

Further Information

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

You can also find information on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm

The information in this notice is for your convenience and guidance and is not a replacement for the legislation. The *Carbon Tax Act* and regulation is on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm