

Renewable Fuels Notice – Carbon Tax

Carbon Tax Act

This notice provides important information on changes to legislation announced in the September Budget Update 2009, as a result of the coming into force of the renewable fuel standard (RFS) under the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* on January 1, 2010. The RFS requires that the total volume of gasoline and diesel class fuels (i.e. light fuel oil) sold in the province contain an average of 5% renewable fuel (e.g. ethanol and renewable diesel fuel).

Effective January 1, 2010, ethanol and renewable diesel fuel are subject to tax under the *Carbon Tax Act*. Carbon tax will apply to ethanol at the same rate as gasoline, and to renewable biodiesel fuel at the same rate as light fuel oil. Renewable diesel fuel includes both biodiesel and hydrogenated-derived renewable diesel fuel.

The carbon tax rates for gasoline and light fuel oil will each be reduced by 5% in recognition of the RFS.

For information on carbon tax rates, please see [Carbon Tax Rates by Fuel Type – to December 31, 2009](#) and [Carbon Tax Rates by Fuel Type - From January 1, 2010](#).

Inventory Reporting Requirements

If you are a deputy collector or retail dealer and sell gasoline, light fuel oil, gas liquids or pentanes plus, you will be required to determine the amount of these fuels that you own, or are deemed to own, immediately after midnight on December 31, 2009. You must file an inventory return and pay the additional security due on that inventory to the ministry by January 15, 2010. If you do not own any of these fuels on January 1, 2010, you must still provide the ministry with an inventory return stating “nil” or “no inventory”.

If you are required to provide an inventory under the *Carbon Tax Act* and, at the time you take your inventory, you have the capacity to store 1,000 litres of fuel, you will be provided an inventory allowance of \$250.

Additional information regarding inventory reporting requirements and transitional rules for the purchase and use of fuel on, or after, January 1, 2010, is being prepared and will be available shortly.

Fixed Price Contracts

A refund is available to purchasers who entered into fixed price contracts before September 1, 2009, to purchase ethanol and renewable diesel fuel.

You are entitled to a refund of the carbon tax you pay on, or after, January 1, 2010, on ethanol or renewable diesel fuel if:

- you entered into a fixed price contract before September 1, 2009, to purchase the ethanol or renewable diesel,
- the ethanol or renewable diesel is delivered before July 1, 2010,
- the contract specifies the amount of ethanol or renewable diesel to be delivered under the contract,
- the amount of ethanol or renewable diesel delivered is at least 5% of the total fuel delivered under the contract, and
- you cannot recover the tax paid under the contract.

You are not entitled to a refund of the tax paid on any ethanol or renewable diesel you receive in excess of the amount specified in the contract.

For related information on renewable fuels and motor fuel tax, please see the [Renewal Fuels Notice – Motor Fuel Tax](#).

For information on other changes announced in the September Budget Update 2009, please see the notice, [September Budget Update 2009 – Tax Change Summary](#).

Reporting Tax on Sales Invoices

As a reminder, please note that, effective January 1, 2010, if you sell fuel:

- from a bulk storage facility, cardlock or terminal rack,
- for resale,
- to a registered consumer, or
- to a customer that requests an invoice,

you must provide an invoice to your customer showing:

- the date of the sale,
- your name and address,
- the name and address of the person you sold the fuel to,

- the quantity of each type of fuel sold, and
- the rates for motor fuel tax and carbon tax, for each type of fuel sold, as separate lines or columns on the invoice.

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