

August 2006

Retail Sales Tax

Vehicles Powered By Alternative Fuels

About this Guide

The information in this *Guide* explains the Retail Sales Tax (RST) rebate available for vehicles powered by alternative fuels, including hybrid electric vehicles (HEVs). Please note that this *Guide* replaces the previous version dated February 2006. Revisions to previous content have been identified by a bar (|).

Rebate Program

Eligible Vehicles

People who purchase or lease new or used vehicles licensed under the *Highway Traffic Act* (e.g., automobiles, trucks, and vans) may qualify for a rebate of RST if the vehicles operate on alternative fuels.

Eligible non-hybrid vehicles operate or are converted to operate:

- **exclusively** on electrical energy
- **exclusively** on propane, natural gas, methanol, or other manufactured gases, **or**
- as **dual-powered** vehicles (vehicles that use one of the alternative fuels mentioned above and that can also be powered by gasoline or diesel fuel).

At the time of the first retail sale, eligible HEVs must have:

- power from an electric motor and an internal combustion engine
- regenerative braking designed to recover the energy released while slowing down or stopping, **and**
- an energy storage system such as a battery, ultra capacitor or flywheel.

Vehicles not Eligible

With the exception of HEVs, which combine the internal combustion engine of a conventional vehicle with the battery and motor of an electric vehicle, a rebate is **not** available on vehicles using a **mixture** of an alternative fuel and gasoline or diesel fuel.

The RST rebate program does not include hybrid electric buses, vehicles converted to hybrid electric power after purchase, or hybrid conversion kits.

RST paid on the purchase of an extended service contract or warranty is **not** eligible for rebate.

Tax for Fuel Conservation

In addition to the 8 per cent RST, the tax for fuel conservation (TFFC) paid on new passenger cars or new sport utility vehicles, bought or leased, may be rebated if the vehicles operate or are converted to operate **exclusively** on an alternative fuel.

| Dual-powered vehicles do not qualify for a rebate of the TFFC.

Limitations

Dollar Limits A rebate of the 8 per cent Retail Sales Tax (RST) paid on vehicles powered by alternative fuels, including RST paid on any qualifying conversion costs, is limited to:

- \$750 for propane vehicles
- \$1,000 for vehicles powered by any other alternative fuel
- \$1,000 for HEVs delivered to purchasers after May 9, 2001 and before March 24, 2006
- \$2,000 for HEVs delivered to purchasers after March 23, 2006 and before April 1, 2012.

The rebate dollar limits do not apply to eligible buses.

Time Limits A vehicle, other than a HEV, that is converted after purchase, may also qualify for a rebate of RST (including the TFFC). To qualify for a rebate, the vehicle **must** be converted within 180 days from the date it was purchased.

The purchaser may still be entitled to a rebate of the 8 per cent RST paid on the cost of the conversion kit and labour to install the kit if the conversion is not completed within the 180 days.

Rebate applications must be received **within four years from the date the RST was paid**.

Long-Term Leases

Eligible leases must meet all of the above requirements and the period of the lease must be for 12 months or more. Subject to the limits noted above, rebate claims for long-term leases may be filed:

- after the maximum amount of RST available for rebate has been paid
- at the end of the lease contract, **or**
- at the end of each 12-month period.

Only one rebate claim per leased vehicle may be made in a 12-month period.

Completing your Application

Mail your signed application, with the required documents to:

Ministry of Finance
Retail Sales Tax Refund Unit
2-1600 Champlain Ave
Whitby ON L1N 9B2

Legislative References

Retail Sales Tax Act, clauses 48(3)(g),(h) and (i)
Regulation 1012 under the Act, sections 19 and 20

For Further Information

The information contained in this publication is only a guideline. For further information, please contact the nearest Ontario Ministry of Finance Tax Office listed under Taxes - Provincial (Retail) Sales Tax in the blue pages of your telephone directory, call our TAX FAX service at 1-877-4-TAX-FAX (1-877-482-9329), or visit our website at: www.trd.fin.gov.on.ca.

Ce guide est disponible en français sous le nom « Véhicules fonctionnant avec des carburants de remplacement, n° 702F ». Vous pouvez obtenir un exemplaire en appelant le 1-800-668-5821.

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Instructions for Applying for a Rebate

To claim a rebate, complete the attached application and return it with the relevant documents outlined below.

1. For Vehicles Manufactured to Operate on an Alternative Fuel

- (a) If bought from a dealer, your **original** purchase contract (bill of sale) showing the purchase price, the date of purchase and the amount of RST paid, **or**

If bought privately, your **original** Motor Vehicle Transfer form (MV-1) you received when the RST was paid at a Driver and Vehicle Licence Issuing Office

- (b) A copy of your vehicle registration
- (c) For previously owned vehicles, a signed statement from the licensed mechanic who issued the Safety Standards Certificate, on company letterhead, stating the type of power used to operate the vehicle when the inspection was done.

2. For Vehicles, other than Hybrid Electric Vehicles, Converted to Operate on an Alternative Fuel

In addition to the documents required under 1(a) and (b) above:

- (a) Your **original** conversion invoice showing the date the conversion was completed
- (b) Proof that RST was paid (e.g., a copy of the cancelled cheque, a signed receipt, or a copy of the finance agreement)
- (c) A description of the fuel system, written by the person who made the conversion.

3. For Leased Vehicles

- (a) Your **original** long-term lease contract setting out the lease payment schedule
- (b) Proof that RST has been paid (e.g., cancelled cheques, receipts or a letter from the lessor stating the amount of RST paid for the period covered by your claim).

NOTE: *The date for a long-term lease is the date the lease started. Time limits apply.*

4. For Conversions Only (completed outside the 180 day time limit)

- (a) The documents required under 1(b), 2(a) and (b) above.

NOTE: *If requested, original documents will be returned after the claim has been processed. Please allow six to eight weeks for the ministry to process your application. Missing documents or information will delay the processing of your claim.*

Personal information is collected on the attached form under authority of subsection 48(3) of the Ontario *Retail Sales Tax Act*, R.S.O. 1990, c. R.31, and will be used to determine eligibility for an Ontario Retail Sales Tax rebate. If you have any questions about this collection or how to complete the application, or wish to obtain additional forms, please write to the address listed in the *Guide* or call **1-800-615-2757**.



- Please Type or Print
- Please read instructions on the attached guide

For Ministry Use Only		
Period End		
Y	M	D

A Name and Address of Purchaser/Lessee

Last Name	First Name	Middle Initial	Telephone No. ()
Address (Number, Street, P.O. Box, R.R.#)			
City/Town	Province	Postal Code	

Complete Sections B or C if tax is claimed for both the vehicle and/or its conversion.

B Purchases and Conversions

State Fuel Type: _____

Vehicle Purchase Date	Tax Paid on Vehicle	Date of Conversion	Tax Paid on Conversion	Amount Claimed
	\$		\$	\$

C Leased Vehicles and Conversions

State Fuel Type: _____

Date Lease Started	Refund Period Claimed (From - To)	Tax Paid for Period Claimed	Date of Conversion	Tax Paid on Conversion	Amount Claimed
		\$		\$	\$

D Certification (Please sign application)

I certify that all the facts stated on this application are correct to the best of my knowledge and I understand this claim is subject to verification.

Name of Claimant (Print)	Title	Signature	Date

Every person who obtains or attempts to obtain a refund or rebate by fraudulent means, is guilty of an offence and on conviction is liable to a fine that is a minimum of \$500 to a maximum of double the amount of the refund or rebate obtained or sought to be obtained, or to a term of imprisonment of not more than two years, or to both.

For Ministry Use Only

Amount Allowed	_____ ● _____									
Net Account Balance	_____ ● _____									
Cheque Amount	_____ ● _____									
Date Assigned	Employee No.	Batch and Item								
Y M D	_____	_____								

Authorized Signatures Originator	
Supervisor	Date
Manager	Date