

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 (1).

## 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.

Ministry of Finance

## 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 replacement, 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 previsously 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

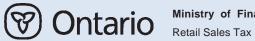
- (a) Your **original** long-term lease contract setting out the lease payment schedule
- (b) Proof that RST has been paid (e.g., cancelled cheques, receipts or a letter from the lessor stating the amount of RST paid for the period covered by your claim).

**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**.



# Ministry of Finance

# Retail Sales Tax Application for Rebate – Vehicles Powered by Alternative Fuel

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