



The Petroleum Products Tax Act, 1999

FUEL TAX REBATE FOR MINING DEVELOPMENT, EXTRACTION & RECLAMATION

This bulletin has been prepared to assist you in understanding the Fuel Tax Rebate for mining development, extraction and reclamation. The bulletin describes eligible applicants, eligible fuel uses and procedures for obtaining a rebate.

The contents of this bulletin are presented under the following sections:

- A. Eligibility
- B. Mine Development, Mineral Extraction or Reclamation
- C. Eligible Fuel
- D. Rebate Application
- E. Misuse of Fuel Tax Rebate
- F. Review, Audits and Inspections

A. ELIGIBILITY

Every Nunavut registered company who is engaged in mine development, mineral extraction or reclamation may be eligible for a fuel tax rebate on fuel used in unlicensed machinery and equipment used for the purposes of mine development, mineral extraction or reclamation. The rebate applies to fuel purchased and consumed on and after April 1, 2006 and;

- The fuel must have been purchased in Nunavut or have imported it as per section 3, 4 and 5 of *Petroleum Products Tax Act* (Nunavut).
- Must be entered into a Development Partnership Agreement with the Government of Nunavut prior to obtaining a fuel tax rebate.
- For the fiscal year 2006-07 **only**, companies entering into a Development Partnership Agreement with the Government of Nunavut will be eligible for the Fuel Tax Rebate retroactive to April 1, 2006.

B. MINE DEVELOPMENT, EXTRACTION & RECLAMATION

Mine Development is defined as on site activities of mining and construction equipment leading directly to the commencement of commercial production in an area contained within a mining lease. Mining leases are issued under authority of the *Territorial Lands Act* (Canada) by the Minister of Indian and Northern Affairs Canada.

Mining extraction is defined as the act or process of work involved in the extracting of mineral substances.

Mining Reclamation is defined as activities related to returning the land back to its original productivity/use after mineral production.

For the purposes of this rebate, mine development, extraction or reclamation does not include transporting persons or supplies to or from a mine site. Mining equipment



means equipment, other than that required to be licensed under the *Public Highways Act* (Nunavut). Fuel used in equipment for electricity production/generation is eligible for a fuel tax rebate.

Exploration activities on the mine lease during development, extraction or reclamation activities will be eligible for the fuel tax rebate.

C. ELIGIBLE FUEL

Taxed fuel consumed within Nunavut is eligible for a rebate provided the equipment or machinery is used directly in mine development, extraction or reclamation.

For greater certainty, unlicensed equipment and machinery is defined as equipment and machinery which is not registered pursuant to *The Motor Vehicles Act* (Nunavut) or similar legislation in other jurisdictions and does not operate on a public highway. The definition also includes equipment used to generate electricity. Fuel consumed in licensed vehicles or equipment is not eligible for a rebate, regardless of the use.

CURRENT FUEL TAX RATES

Nunavut	Per Litre Rate of Tax
Zone B Gasoline	6.4¢
Diesel Motive	9.1¢
Diesel Non-Motive	3.1¢
Aviation Fuel	1.0¢
Other Fuel	3.1¢

D. REBATE APPLICATION

Applicants are required to file a “Mining development, extraction or reclamation Fuel Tax Rebate Application” as well as the including the following information within one year of the qualifying period:

- Mining Lease, Development Partnership Agreement, documents, records or other evidence to show that the applicant has undertaken development, extraction or reclamation activities during the rebate period;
- Documents, records or other evidence to show that the fuel was used solely in off-road mine development, extraction or reclamation equipment and machinery.
- Fuel purchase invoices.

E. MISUSE OF FUEL TAX REBATE

- Applicants report their total fuel purchases which include fuel purchased within the territory and fuel imported into the territory to GN Department of Finance. If, during the year, an applicant’s volume of fuel purchases is



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- significantly more than in previous periods, Nunavut Finance may ask the applicant to provide an explanation for the increased usage. Unless an acceptable reason is provided, the application may be rejected. The applicant will then not qualify for a rebate.
- Claiming for a rebate of fuel tax that was used for an ineligible purpose may result permanent exclusion from the fuel rebate program. In these instances, the permit holder will be required to pay all applicable taxes, penalties and interest as described in the *Petroleum Products Tax Act* (Nunavut) and its regulations.

F. REVIEW OF APPLICATIONS BY NUNAVUT FINANCE

Before GN pays a fuel tax rebate, it must be satisfied that the application is reasonable. All applications may be reviewed and or audited. Additional information may be requested. The GN may, at its discretion, adjust, request re-submission or disallow all or part of any claim.

You may contact the GN Department of Finance at the phone number provided below to obtain an application form or obtain one on the Internet at www.gov.nu.ca/finance. Applications are annual and cover a period between April 1 and March 31. Completed applications must be filed no later than March 31 of the year following the period covered in the application. An eligible applicant may submit one application per year. Applications and backup information can be mailed to the address provided below.

FOR FURTHER INFORMATION

Write:
Nunavut Finance
Taxation and Risk Management
P.O. Box 2260 (Building 917B)
Iqaluit
X0A 0H0

Phone: 867-975-6851

Fax: 867-975-5845

Information bulletins and publications are available on the Internet at:
www.gov.nu.ca/finance.