

An Overview of the *Fuel Tax Act*



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Introduction

This brochure sets out the principal rules of the *Fuel Tax Act* (concerning, in particular, registration certificates, permits, and the collection and remittance of the tax) that apply to retail and wholesale dealers of fuel and to storers and carriers of bulk fuel.





Definitions

Carrier of bulk fuel (or bulk-fuel carrier)

A carrier of bulk fuel (or bulk-fuel carrier) is any person who, in Québec, transports fuel in a receptacle with a capacity of over 200 litres, other than fuel contained in a fuel tank installed as standard equipment for supplying the engine of a vehicle. However, a person is not considered to be a bulk-fuel carrier if the fuel transported is exclusively for the person's own use and is transported in a vehicle, in receptacles whose total capacity does not exceed 2,000 litres.

Collection officer

A collection officer is any person, other than a retail dealer, who sells or delivers fuel (or causes fuel to be delivered) in Québec. If some or all of a person's commercial activities consist in selling fuel at wholesale in Québec, the person is considered to be a collection officer.

Establishment

An establishment is any place in Québec where fuel is manufactured, refined, stored, distributed or sold. A fuel reservoir used exclusively for supplying the heating system of an immovable is not considered to be an establishment.

Retail dealer (or retailer)

A person who sells fuel to other persons who acquire it for their own consumption or consumption by others is a retail dealer (or retailer). However, a person whose only commercial activity consists in operating a service station and who does not own the fuel sold at retail is not considered to be a retail dealer.

Service station

A service station is an establishment where fuel is sold at retail and is dispensed directly from a pump connected to an underground tank into the tank of a motor vehicle.

Storer of bulk fuel

A storer of bulk fuel is any person who takes or grants a lease in Québec on an establishment, other than a service station, for the storage of bulk fuel. A person who uses such an establishment at the expense of a third party, or who causes it to be used at his or her own expense, is also considered to be a storer of bulk fuel.

Wholesale dealer (or wholesaler)

A person who sells fuel to other persons who acquire it for the purpose of resale is a wholesale dealer (or wholesaler).





Registration certificate

Everyone who makes retail sales of fuel in Québec must hold a registration certificate (“certificat d’inscription”). To obtain a registration certificate, the person must register for the Québec sales tax (QST).¹ In some cases, the person must also hold one or more permits (see “Permits” on page 9).

Application for registration

To obtain a registration certificate, you must file an application for registration (form LM-1-V), enclosing a document that gives the address of each of the establishments that you wish to operate (or to have operated by a third party). You are required to notify Revenu Québec of any change that renders the information in your application inaccurate or incomplete.

If you are a QST registrant in respect of your other commercial activities, you must advise Revenu Québec of this fact via registered or certified mail before you start to sell fuel at retail in Québec. You must also provide a statement that gives the address of each of the establishments that you wish to operate (or to have operated by a third party).

If you hold a registration certificate and you acquire an establishment, you must notify Revenu Québec of the acquisition, giving your last name, first name and address, the address of the establishment, and the last name, first name and address of the person from whom you acquire the establishment.

1. Retailers who are small suppliers are not required to register for the goods and services tax (GST).

Similarly, if you hold a registration certificate and you dispose of an establishment, you must notify Revenu Québec of the disposition, giving your last name, first name and address, the address of the establishment, and the last name, first name and address of the person who acquires the establishment. It is important to state your full name and your registration number in all correspondence with Revenu Québec.

Posting

You must post your registration certificate inside your principal place of business, in plain view. If you have other establishments, you must also post a copy of the certificate in each of these establishments.

If you do not comply with the provisions of the *Fuel Tax Act*, the registration certificate under which you carry out your activities in the fuel sector may be suspended. In this case, Revenu Québec will serve you with a notice of suspension, which you must post inside your principal place of business for the duration of the suspension. If you have other establishments, you must also post a copy of the notice of suspension in each of these establishments.

Registration certificates cannot be transferred or loaned.



Permits

You must hold a permit if, in Québec, you carry out activities as

- a collection officer;
- an importer;
- a refiner;
- a storer of bulk fuel;
- a carrier of bulk fuel.

You must also hold a permit if, in Québec, your commercial activity consists in

- colouring fuel oil; or
- blending, for the purposes of resale, fuel that is subject to the fuel tax with another petroleum product that is not subject to the fuel tax.

However, a permit is not necessary for commercial activities related to propane gas or natural gas.

Application for a permit

In order to obtain the permit or permits you need to carry out certain commercial activities, you must file a permit application (form LM-1.CT-V). A document containing the address of each of the establishments that you wish to operate (or to have operated by a third party) must be enclosed with the application.

If you acquire an establishment, you must notify Revenu Québec of the acquisition, giving your last name, first name and address, the address of the establishment, and the last name, first name and address of the person from whom you acquire the establishment.

Similarly, if you dispose of an establishment, you must notify Revenu Québec of the disposition, giving your last name, first name and address, the address of the establishment, and the last name, first name and address of the person who acquires the establishment. It is important to state your full name and your registration number in all correspondence with Revenu Québec.

Persons who do not have a residence or establishment in Québec must designate an agent who resides in Québec. When filing a permit application, they must enclose a document from the agent, attesting to the designation and indicating the agent's address.

Posting

You must post your permit or permits inside your principal place of business. If you operate other establishments (or have other establishments operated by a third party), you must also post a copy of the permit or permits in each of these establishments. If you hold a bulk-fuel carrier's permit, you are required to keep a copy of the permit in each vehicle used for transporting bulk fuel.

Period of validity

A permit is valid for two years, and is renewed automatically at the end of the two-year period unless you have not fulfilled all of your obligations towards Revenu Québec.

If you do not have a residence or establishment in Québec, Revenu Québec can issue you a temporary permit, which is valid for six months and can be renewed for the same period on request.

Permits cannot be transferred or loaned, and are valid only for the activity named.



Security

If you do not have a residence or establishment in Québec and wish to apply for a permit, you may be required to provide security.

Security may also be required if you have been convicted of a fiscal offence in the five-year period preceding the date of your permit application, have a debt to Revenu Québec, or have not filed all of the required returns.

Finally, security may be required if Revenu Québec considers that you cannot fulfil your obligations because of your financial situation.

As a rule, the amount of security set by Revenu Québec is based on the amounts that a person is likely to collect in the six-month period following the date on which security is required. However, the amount of security may also be based on the amounts that a person should have remitted in the six-month period prior to the date on which security is required.





Obligations of retail and wholesale dealers

Persons who, in Québec, sell fuel at wholesale to a retailer must ensure that the retailer has a registration certificate. They must also ensure that no suspension is in effect with respect to the retailer's commercial activities in the fuel sector. For their part, retailers whose certificate has been suspended are required to post the notice of suspension (or a copy of the notice) inside their establishment, in plain view.

Persons who, in Québec, sell fuel at wholesale to another wholesaler must ensure that the latter has a collection officer's permit.

Both retailers and wholesalers must ensure that the persons from whom they purchase fuel in Québec (or from whom they take delivery of fuel) have a collection officer's permit.

If you have reason to believe that someone with whom you do business is not complying with the provisions of the *Fuel Tax Act*, do not hesitate to contact the office of Revenu Québec in your area.

You may be fined if you do business with a person who

- does not hold a registration certificate;
- does not hold the required permit;
- has had the certificate or permit suspended with respect to commercial activities in the fuel sector.

If you purchase fuel from a wholesaler who does not have a collection officer's permit, you are required, even if you have paid the wholesaler an amount equal to the tax, to remit the amount in question to Revenu Québec.



Collection and filing

Retail dealer

If you make retail sales of fuel, you are an agent of the Minister of Revenue and, as such, must collect fuel tax from the consumer at the time of the sale.

As a rule, you are not required to file a report with Revenu Québec concerning the fuel tax you collect, provided that, in conformity with the law, you paid your supplier an amount equal to the tax at the time you acquired the fuel. You do not, therefore, have to remit the amount in question to Revenu Québec.

However, if you did not pay your supplier an amount equal to the tax, you must file a report with Revenu Québec no later than the last day of the month following the month in which the retail sale took place, and you must remit the amount in question to Revenu Québec at the same time. You are also required to file a report and remit an amount equal to the fuel tax if you bring fuel into Québec with the intention of selling it at retail, or if the amount of fuel tax you collect is higher than the amount you remitted to your supplier as an amount equal to the tax.

The use of a system for measuring fuel that is different from the system used by your supplier¹ can result in a difference between the amount of fuel tax paid to your supplier and the amount collected at the time you sell the fuel at retail. In the event of such a difference, you must file a report with Revenu Québec every three months, using form CAZ-13-V.

1. This is the case, for example, if you calculate the volume of the fuel sold and delivered at the ambient temperature, whereas your supplier calculates the volume using a reference temperature of 15° C.

If, because of the difference in measuring systems, the quantity of fuel you sell at retail is greater than the quantity purchased from your supplier, you must remit the fuel tax owing (that is, the amount by which the fuel tax you collect exceeds the amount you paid your supplier) when you file form CAZ-13-V. However, if, because of the difference in measuring systems, the quantity of fuel you sell at retail is less than the quantity you purchased from your supplier, you may use form CAZ-13-V to claim a fuel tax refund (that is, the amount by which the amount you paid your supplier exceeds the fuel tax you collect).

Wholesale dealer

If you sell fuel at wholesale, you are an agent of the Minister of Revenue and, as such, are generally required to collect an amount equal to the fuel tax. You must collect it from every person to whom you sell or deliver fuel (or cause fuel to be delivered) in Québec. However, if the purchaser has entered into an agreement with the Minister pursuant to the *Fuel Tax Act*, the aforementioned requirement is subject to the terms and conditions of the agreement.

In addition, you must, by the last day of the month, file a report with Revenu Québec respecting the amount you collected or should have collected in the previous month. If you did not pay your supplier an amount equal to the fuel tax respecting the fuel sold during the period in question, you must remit the amount to Revenu Québec. If the amount you collected or should have collected is higher than the amount you remitted to your supplier respecting the fuel in question, you must remit the difference to Revenu Québec.

The use of a system for measuring fuel that is different from the system used by your supplier¹ can result in a difference between the amount equal to the fuel tax paid to your supplier and the amount collected at the time of resale. In the event of such a difference, you must file a report with Revenu Québec using form CA-10.3-V.

If, because of the difference in measuring systems, the quantity of fuel you resell is greater than the quantity purchased from your supplier, you must remit the amount equal to the fuel tax owing (that is, the amount by which the amount equal to the fuel tax you collect exceeds the amount you paid your supplier) when you file form CA-10.3-V. However, if, because of the difference in measuring systems, the quantity of fuel you resell is less than the quantity you purchased from your supplier, you may use form CA-10.3-V to claim a refund respecting the amount equal to the tax (that is, the amount by which the amount equal to the fuel tax you paid your supplier exceeds the amount you collect).

The amount equal to the fuel tax must be indicated separately on every document attesting to the sale.

1. This is the case, for example, if you calculate the volume of the fuel sold and delivered at the ambient temperature, whereas your supplier calculates the volume using a reference temperature of 15° C.



Railway locomotive

Persons who, in Québec, use coloured fuel oil to supply the engine of a railway locomotive must remit the applicable amount of fuel tax to Revenu Québec, unless they have already remitted the amount to their supplier. Form CAZ-15-V must be used to remit the tax.



Manifest

If you transport bulk fuel in Québec, you must have a manifest for each shipment. This requirement does not apply in the case of

- propane gas or natural gas;
- fuel transported by rail;
- coloured fuel oil transported in a tank with a capacity of 18,200 litres or less.

The manifest must be kept in each vehicle used for transporting fuel and must contain **all** of the following information:

- a sequential number (for example, 0001);
- the date on which the document was drawn up;
- the last name, first name and address of the person required to draw up the document and (if applicable) the number of the bulk-fuel carrier's permit held by the person;
- where the carrier is a subcontractor, the last name, first name and address as well as, if applicable, the permit number of the person who gave out the contract;
- the licence plate number of the vehicle used to transport the fuel;
- the last name, first name and address of the vendor and the purchaser of the shipment;

- the address at which the shipment is loaded, if the address is not the same as the vendor's address;
- the date of loading and the number of the document issued by the vendor to the carrier, stating the quantity of fuel loaded;
- the number of litres of fuel transported (according to product type);
- the address at which the shipment is unloaded, the date of unloading, and the number of litres of fuel (according to product type) unloaded at each place;
- the last name, first name and signature of the driver.

Fines may be imposed for non-compliance.

A police officer or other person authorized by the Minister of Revenue may, at any place and at any reasonable time, stop a vehicle for inspection and require the driver to produce the manifest respecting the transportation of fuel. The officer or other authorized person may also ask to see the copy of the bulk-fuel carrier's permit, where applicable, and may measure the capacity of the fuel tank, examine the fuel being transported or the fuel used to supply the engine, and take the necessary fuel samples.

If the driver refuses to submit to the inspection or provide the documents requested, or if the driver has committed an offence, the officer or other authorized person may order that the vehicle not be moved until a judge makes a ruling with respect to the search or seizure of the vehicle.



Registers

Retail dealers, collection officers, importers, refiners, storers of bulk fuel and carriers of bulk fuel are required to maintain registers. As a rule, the registers must contain detailed information on the quantities of fuel respecting which a transaction is made.



International Fuel Tax Agreement

Québec is a party to the International Fuel Tax Agreement (IFTA). For further information about the agreement, you may consult the following publications: *Carriers and the International Fuel Tax Agreement* (IN-231-V) and *International Fuel Tax Agreement and Procedures Manual* (IN-322-V).



Fines

If you fail to comply with the provisions of the *Fuel Tax Act*, you may be fined. A fine of \$200 is provided for certain minor offences. For more serious offences, the fine varies from \$1,000 to \$100,000, and a prison term of up to two years may be imposed.

For example, a person who removes or destroys the colouring (or any other means of identification) used in coloured fuel oil is liable to a fine of a minimum of \$5,000 and a maximum of \$100,000, and may also be sentenced to a prison term.

The same fine and prison term may be imposed in the case of a person who knowingly stores, sells, uses or transports, as non-coloured fuel oil, fuel oil whose colouring (or other means of identification) has been removed, destroyed or in any way altered.

If a retailer purchases fuel from a wholesaler who does not have a collection officer's permit, both parties are liable to a fine of at least \$2,000 per transaction. Finally, a person who sells coloured fuel oil at a filling station may also be fined.



More offices to serve you better

Gatineau

170, rue de l'Hôtel-de-Ville, 6^e étage
Gatineau (Québec) J8X 4C2
(819) 770-8504 or 1 800 567-4692

Jonquière

2154, rue Deschênes
Jonquière (Québec) G7S 2A9
(418) 548-6392 or 1 800 567-4692

Laval

4, Place-Laval, bureau RC-150
Laval (Québec) H7N 5Y3
(450) 972-3320 or 1 866 540-2500

Longueuil

Place-Longueuil
825, rue Saint-Laurent Ouest
Longueuil (Québec) J4K 5K5
(450) 928-8820 or 1 866 490-2500

Montréal

- Complexe Desjardins
C. P. 3000, succursale Desjardins
Montréal (Québec) H5B 1A4
(514) 873-2600 or 1 866 440-2500
- Village Olympique, pyramide Est
5199, rue Sherbrooke Est, bureau 4000
Montréal (Québec) H1T 4C2
(514) 873-2610 or 1 866 460-2500
- Les Galeries Saint-Laurent
2215, boulevard Marcel-Laurin
Saint-Laurent (Québec) H4R 1K4
(514) 873-6120 or 1 866 570-2500

Québec

200, rue Dorchester
Québec (Québec) G1K 5Z1
(418) 659-4692 or 1 800 567-4692

Rimouski

212, avenue Belzile, bureau 250
Rimouski (Québec) G5L 3C3
(418) 727-3702 or 1 800 567-4692

Rouyn-Noranda

19, rue Perreault Ouest, RC
Rouyn-Noranda (Québec) J9X 6N5
(819) 764-6765 or 1 800 567-4692

Saint-Jean-sur-Richelieu

855, boulevard Industriel
Saint-Jean-sur-Richelieu (Québec) J3B 7Y7
(450) 349-1120 or 1 866 470-2500

Sainte-Foy

3800, rue de Marly
Sainte-Foy (Québec) G1X 4A5
(418) 659-4692 or 1 800 567-4692

Sept-Îles

391, avenue Brochu, bureau 1.04
Sept-Îles (Québec) G4R 4S7
(418) 968-2211 or 1 800 567-4692

Sherbrooke

2665, rue King Ouest, 4^e étage
Sherbrooke (Québec) J1L 2H5
(819) 563-3776 or 1 800 567-4692

Sorel-Tracy

101, rue du Roi
Sorel-Tracy (Québec) J3P 4N1
(450) 928-8820 or 1 866 490-2500

Trois-Rivières

225, rue des Forges, bureau 400
Trois-Rivières (Québec) G9A 2G7
(819) 379-5392 or 1 800 567-4692

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Inquiries from outside Canada should be directed to the Sainte-Foy office.

We invite you to visit our Web site at www.revenu.gouv.qc.ca.

Vous pouvez vous procurer la version française de cette publication en demandant le document *Les grandes lignes de la Loi concernant la taxe sur les carburants* (IN-222).

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