

Fuel Retail Dealers Located Off Reserve Tax-Exempt Sales of Fuel to Native Indians

Motor Fuel Tax Act

The *Indian Act* (Canada) exempts native Indians and Indian bands from provincial sales taxes where the sale takes place on reserve land (includes designated reserve lands). In recognition of this exemption, the Province of British Columbia has established procedures to enable native Indians and bands to purchase petroleum fuels exempt from tax. Sales of petroleum fuels to native Indians or Indian bands that occur off reserve land are subject to the tax unless the fuel is delivered by the seller to reserve land as a condition of the sale.

This bulletin outlines the conditions under which retailers located off reserve land may sell fuel to native Indians or Indian bands without collecting tax. For information on fuel purchases and sales by retailers located on reserve land, please refer to [Bulletin MFT 002](#), *Fuel Retail Dealers Operating on Reserve Land*.

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Motor Fuel Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

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REQUIREMENTS OF THE *MOTOR FUEL TAX ACT*

Under the *Motor Fuel Tax Act* (British Columbia), all retail dealers of petroleum fuels are deemed to act as agents for the Minister of Finance. As such, they are required to collect provincial fuel tax on all taxable sales, and to remit the tax to a collector.

For the purposes of collecting and remitting the tax, wholesalers charge retailers a price that includes an amount equal to the tax due on the subsequent taxable retail sale of the fuel. The retailers reimburse themselves from the proceeds of their sales. However, if the fuel is sold exempt from tax to a native Indian in accordance with the procedures outlined herein, the retailer may apply for a refund of the amounts equal to the tax that they previously paid to the wholesaler.

TAX-EXEMPT RETAIL SALES

Retailers who are not located on reserve land may only make exempt sales to native Indians or Indian bands if delivery to a reserve location is a condition of sale, and the fuel is delivered by the retailer into a receptacle located on reserve land. This applies to all retailers who are not located on reserve land, even if the outlet is operated by native Indians.

When selling fuel to a person claiming exemption as a native Indian, the retailer is required to verify the customer's eligibility for exemption by viewing the customer's *Certificate of Indian Status* card. If the purchase is made by a non-Indian on behalf of a band, the purchaser must have written authorization from the band to act on its behalf. The retailer must ensure that the personal identification of the purchaser matches the name on the authorization letter.

For each exempt sale, the retailer must record the following information on the sales invoice.

- Purchaser's name, band name and number, or registry number as shown on the *Certificate of Indian Status* card. If the purchase is on behalf of an Indian band: band's name and number as it appears on the authorization letter from the band, the purchaser's name, and the name of the band official who signed the letter.

- Quantity and type of fuel sold exempt, reserve location to which the fuel was delivered, and a statement that the fuel was delivered to that location as a condition of sale.
- Signature of the purchaser in confirmation of the above information.

If the customer's eligibility for exemption cannot be supported in this manner, the retailer is required to collect the tax. Failure to do so may make the retailer liable for payment of the tax that should have been collected.

APPLYING FOR A REFUND

The retailer may apply to the Consumer Taxation Branch for a refund of the amounts paid to wholesalers that were equivalent to the tax due on fuel subsequently sold exempt from tax.

To apply for a refund, write to the Director,

Consumer Taxation Branch, Fuel and Tobacco Tax Section, Parliament Buildings, Victoria, British Columbia, V8V 2L9, requesting a refund. Enclose photocopies of all sales invoices for tax-exempt sales. Refunds will only be granted if the required information, as outlined above, appears on the sales invoice.

NEED MORE INFO?

This bulletin is provided for convenience and guidance. If you still have questions call us at 604 660-4524 in Vancouver or toll-free at 1 877 388-4440 elsewhere in Canada or refer to the legislation.

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.

References: *Motor Fuel Tax Act; Indian Act (Canada), Section 87*