

Tax Rates on Motor Fuels

Motor Fuel Tax Act

This bulletin outlines the various fuel tax rates in effect throughout the province. British Columbia's fuel tax is made up of two different components: provincial and dedicated taxes. The British Columbia or provincial portion of the fuel tax goes to general revenue. The dedicated portion of the fuel tax goes to three groups: the *Greater Vancouver Transportation Authority*, *British Columbia Transit*, and the *British Columbia Transportation Financing Authority*. The rate for each group is shown on the table on page two. The rates shown are in effect until the government announces new tax rates.

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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DEDICATION OF TAX ON CLEAR GAS AND CLEAR DIESEL

Greater Vancouver Transportation Authority (Translink)

Effective April 1, 2005, the tax on clear gas and clear diesel dedicated to **Greater Vancouver Transportation Authority (Translink)** is 12¢ per litre.

This rate is in effect within the Greater Vancouver transportation service region. The boundaries are north to and including Lion's Bay, west to and including Bowen Island, south to the international border, and east to and including the municipalities of Langley, Maple Ridge, and Pitt Meadows.

British Columbia Transit Tax (Victoria)

The tax on clear gas and clear diesel dedicated to **British Columbia Transit** is 2.5¢ per litre. This tax applies only to purchases of clear diesel or gas in the Victoria regional transit service area.

The Victoria regional transit service area includes the following:

- The municipalities of Victoria, Esquimalt, Oak Bay, Saanich, Central Saanich, Sidney, North Saanich, Metchosin, Colwood, View Royal, and Langford.
- The Langford Electoral Area which, on the Malahat Drive portion of Highway 1, extends north to the Cowichan Valley Regional District boundary, located just south of Irving Creek and Okotoks Road.
- The portion of the Sooke Electoral Area east of Tugwell Creek and south of the southern boundary of the Malahat Land District, encompassing the town of Sooke. Tugwell Creek is west of the town of Sooke and flows into Orveas Bay between Otter Point and Sherringham Point.

The islands within these areas, as well as Saltspring Island and the Outer Gulf Islands, are **not included** in the Victoria regional transit service area.

British Columbia Transportation Financing Authority (BCTFA)

The tax on clear gas and clear diesel dedicated to **British Columbia Transportation Financing Authority (BCTFA)** is 6.75¢ per litre. This tax is province wide. The tax is dedicated to help finance major transportation projects in the province.

ALTERNATIVE FUELS FOR MOTOR VEHICLES

Environmentally-friendly fuels receive certain tax exemptions to encourage their use.

Qualifying alternative fuels are exempt from tax until they reach 3.5% of British Columbia's motor fuel market. Then, tax rates are based on market share and the fuels' environmental benefits.

Propane qualifies as an alternative motor fuel. Currently its tax rate is 2.7¢ per litre.

As an ongoing incentive for cleaner alternative motor fuels, the maximum tax rate will remain below the clear gasoline or diesel fuel tax rate.

Currently, natural gas and alcohol-based fuels (blends of gasoline or diesel fuel and at least 85% ethanol or methanol) are exempt.

Ethanol and biodiesel portion of a blended fuel (effective July 1, 2004) is exempt from tax when:

- the ethanol portion, including denaturant, of a ethanol/gasoline or ethanol/diesel blend is not less than **5%** or more than **25%**; **or**
- the biodiesel portion of a blend of biodiesel/diesel is not less than **5%** or more than **50%** of the volume of the blend.

Note: The PuriNOx™ motor fuel tax exemption ended July 31, 2004.

MARINE GAS OIL

Marine gas oil is a diesel fuel suitable for use in a marine gas turbine engine. Marine gas oil is exempt from tax when purchased by a consumer as fuel for a marine gas turbine engine that propels a commercial passenger or cargo ship.

Sellers of exempt marine gas oil must maintain a record with the purchaser's name, the quantity purchased and the vessel's name for which the marine gas oil is purchased.

Clear Gasoline and Clear Diesel Fuel Tax Rates

Fuel Tax Allocation	Effective Date	Greater Vancouver Transportation Service Region	Victoria Regional Transit Service Area	Remainder of the Province
BC Ferries	April 1, 2003	Nil	Nil	Nil
BCTFA	March 1, 2003	6.75¢ per litre	6.75¢ per litre	6.75¢ per litre
TransLink	April 1, 2005	12¢ per litre	Nil	Nil
BC Transit	March 31, 1999	Nil	2.5¢ per litre	Nil
Province – Gasoline	April 1, 2005	1.75¢ per litre	7.75¢ per litre	7.75¢ per litre
Province - Diesel	April 1, 2005	2.25¢ per litre	8.25¢ per litre	8.25¢ per litre
Total Tax - Gasoline	March 1, 2003	20.50¢ per litre	17¢ per litre	14.5¢ per litre
Total Tax - Diesel	March 1 2003	21¢ per litre	17.5¢ per litre	15¢ per litre

Province-wide Tax Rates on Fuel (other than Gasoline and Diesel)

Fuel Type	Tax Rates
Aviation fuel (non-jet)	2¢ per litre
Jet fuel	2¢ per litre
Locomotive fuel	3¢ per litre
Marked (coloured) fuels, marine diesel (including any fuel sold as diesel fuel for use as fuel for a ship) and butane, but not including propane	3¢ per litre
Marked (coloured) fuels purchased for use by a <i>bona fide</i> farmer	Exempt
Marine bunker fuel (heavy fuels for marine use)	Exempt
Marine Gas Oil used to power marine gas turbine engine, etc.**	Exempt
Alcohol-based fuel used in motor vehicles *	Exempt
Natural gas used in motor vehicles*	Exempt
Propane used in motor vehicles or for purposes for which coloured fuel is authorized under the Act *	2.7¢ per litre
Natural gas used in stationary engines, compressors, pumps	See below
Ethanol and Biodiesel *	See page 2
<p>* Please see the “Alternative Fuels for Motor Vehicles” section of this bulletin. ** Please see Marine Oil Gas Section on previous page.</p>	

NATURAL GAS USED IN COMPRESSORS

When is natural gas tax exempt?

Natural gas is exempt from tax when used or purchased for use in compressor(s) that

- are used to transmit waste gas, (composed primarily of hydrogen sulphide and carbon dioxide) within the gas processing plant and from the gas processing plant to a well, or
- are located at the well head and used to inject waste gas into a depleted well for permanent disposal, or

- are located at the well head, along the pipeline between well head and processing plant, or within the gas processing plant, and are used to compress gas that is not marketable gas.

What is marketable gas?

Marketable gas means naturally occurring or processed natural gas available for sale for direct consumption as:

- a domestic, commercial or industrial fuel;
- an industrial raw material; or
- when it is delivered to a storage facility.

Tax rates on natural gas

A person who **uses or purchases for use** natural gas for a stationary engine that compresses natural gas or pumps oil must pay tax on the gas.

The tax rates are as follows.

1. For natural gas in a compressor that **compresses natural gas** it is:
 - 1.1¢ per 810.32 litres for compressors **within** the natural gas processing plant used to compress marketable gas;
 - 1.9¢ per 810.32 litres for compressors **outside** of the natural gas processing plant used to move marketable gas in or out of storage facilities, or from the gas processing plant to market.
2. For natural gas in a compressor that **pumps oil** it is:
 - 1.1¢ per 810.32 litres, for pumps located **at the well head** or **within the oil processing plant**;
 - 1.9¢ per 810.32 litres, for pumps located **along pipelines** that move oil from the well head to the oil processing plant and from the oil processing plant to market, or in or out of storage facilities.
3. The tax rate for natural gas that is self-produced and used in a stationary engine is 1.1¢ per 810.32 litres.
4. Where natural gas is purchased for use in a stationary internal combustion engine, the tax rate is 7% of the purchase price.

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*, Sections 1, 4, 5, 6, 7, 8, 9, 10, 12.1, 13 and 13.1 and Regulations 2.3, 51.1, 51.2, 51.3 and 51.5