

## Notice to Oil and Natural Gas Industry

### Natural Gas Consumed in Internal Combustion Engines

#### *Motor Fuel Tax Act*

It has come to our attention that some natural gas or oil processing businesses may not be sending in taxes on natural gas consumed in internal combustion engines.

Taxes are due on the 15<sup>th</sup> day of the month following the period in which the natural gas is used or purchased for use. You use the *Natural Gas Consumed By Internal Combustion Engines* form (FIN 451) to send in the tax owing. The tax rates under the Act vary depending on how and where the natural gas is used and are described below.

#### Compressors and Pumps: Natural Gas Tax Rates

The tax rate depends on where the compressor or pump is located.

- If you use natural gas in a compressor that compresses or pumps natural gas or oil, and which is located:
  - within the natural gas processing plant and used to compress **marketable gas**, or
  - at the wellhead or within the oil processing plant,the rate is 1.1¢ per 810.32 litres.
- If you use natural gas in a compressor or pump that compresses or pumps natural gas or oil, and which is located:
  - outside of the natural gas processing plant and used to move **marketable gas** in or out of storage facilities, or from the gas processing plant to market, or
  - along pipelines that move oil from the well head to the oil processing plant or from the oil processing plant to market, or in or out of storage facilities,the rate is 1.9¢ per 810.32 litres.

The tax rate is 1.1¢ per 810.32 litres for natural gas that is self-produced and used in a stationary engine.

The tax rate is 7% of the purchase price where natural gas is purchased for use in a stationary engine, other than described above.

#### Further Information

Please refer to [Bulletin MFT 005](#), *Tax Rates on Motor Fuels*.

If you have questions or unremitted taxes, please contact Ida Thom at 250-387-3367.