



Information Bulletin

Issued: March 23, 2005

THE FUEL TAX ACT, 2000

INFORMATION ON FUEL TAX CHANGES

As a result of the March 23, 2005 Budget, the following changes apply to the Fuel Tax.

Aviation Fuel Tax

Effective March 24, 2005, the tax on aviation gasoline, turbo and jet fuel was reduced from 3.5 cents per litre to 1.5 cents per litre.

Licensed Fuel Tax remitters may claim a credit of 2 cents per litre on their next tax return for their tax paid inventory of aviation gasoline and fuel in inventory as of the opening of business on March 24, 2005.

Effective March 24, 2005, commercial aircraft carriers may apply for a full refund of the tax paid on aviation fuel purchased for international flights.

Eligible international flights include those where:

- a) the flight originates in Canada and has a destination point outside Canada, and no passengers or cargo are offloaded in Canada after the flight leaves Saskatchewan; or,
- b) the flight originates outside Canada and has a destination or stopover point in Saskatchewan where passengers or cargo are offloaded, if none of the passengers or cargo offloaded in Saskatchewan were loaded onto the aircraft in Canada.

Fuel Tax Allowances

Effective April 1, 2005, the Fuel Tax Allowances that may be claimed by Fuel Tax Remitters for fuel losses of an unverifiable nature and for handling costs are being revised from 0.50% of the tax on tax paid fuel sales to 0.35% of the tax on tax paid gasoline and aviation fuel sales and 0.25% of the tax on tax paid diesel fuel sales. The allowance for a licensed importer remains at 0.25% of the tax on tax paid gasoline and diesel fuel imported into Saskatchewan for delivery to fuel vendors.

The allowance provided to licensed markers for marking diesel fuel remains unchanged at 30 cents per 1,000 litres of diesel fuel marked.

Fuel Used in Enhanced Oil Recovery Projects

As announced on March 18, 2005, fuel that is acquired on or after April 1, 2005 and that is injected into subsurface formations to enhance the recovery of crude oil in enhanced oil recovery projects approved by the Department of Industry and Resources is exempt.

FOR FURTHER INFORMATION

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