



Information Bulletin

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THE FUEL TAX ACT, 2000

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READER SURVEY

ALLOWABLE USES OF MARKED DIESEL FUEL AND FARM GASOLINE

This bulletin has been prepared to assist you in understanding the eligible uses of marked diesel fuel and farm gasoline. It is a general guide and not a substitute for the legislation.

The changes to this bulletin are indicated by a (I).

The contents of this bulletin are presented under the following sections:

- A. Information for Farmers
- B. Information for Commercial Loggers
- C. Other Uses of Marked Diesel Fuel
- D. Allowable Uses of Farm Gasoline

A. INFORMATION FOR FARMERS

1. Marked Diesel Fuel May Be Used By:

- farmers or other authorized persons, including "custom operators", in their unlicensed farm machinery for the purpose of carrying out farming activities for a farmer;
- farmers in their licensed farm vehicles, registered as "Class F", for carrying out their own farming activities; and
- farmers in their snowplow equipment to clear snow, except where the snow removal is performed for a hamlet, village, town or city or for a commercial enterprise, the Government of Saskatchewan or the Government of Canada.

2. Marked Diesel Fuel May Not Be Used For:

- non-farm business or employment purposes, including driving to and from your place of employment;
- transporting any material for compensation;

- operating licensed vehicles that are not registered as "Class F"; or
- travelling in the USA (The American federal and state governments may impose fines of up to \$1,500 US for persons using marked fuel in the tanks of their licensed motor vehicles.)

Marked diesel fuel is not intended for personal use, such as travelling to and from school or for recreational purposes. However, farmers are not expected to drain marked diesel fuel from their "Class F" vehicles for small amounts of fuel used in activities other than those noted above.

Farmers who occasionally use their licensed farm vehicles for non-farm business purposes may obtain a "temporary registration upgrade" trip permit from Saskatchewan Government Insurance by phoning 1-800-667-7575. This permit will include a charge for tax on the fuel consumed while the permit is in force, thereby eliminating the need for a farmer to empty his or her fuel tanks of marked diesel fuel. Please note, such permits are not issued for fuel tax purposes only. These permits must be obtained before conducting any non-farm business activity and are only issued in conjunction with a registration permit.

B. INFORMATION FOR COMMERCIAL LOGGERS

1. Eligible Uses of Marked Diesel Fuel

Commercial loggers with valid Fuel Tax Exemption permits may purchase and use marked diesel fuel in their unlicensed equipment that is used in their direct logging activities. Direct logging activities include:

- seeding, planting and nursery operations;
- harvesting and marking of trees;
- construction of logging roads (but not maintenance of roads); and
- reforestation and silviculture.

The types of equipment used to carry out these activities, and therefore eligible to use marked diesel fuel, include fellers (harvestors, bobcats, feller-bunchers), forwarders, limbers, slashers, power saws, loaders, dozers, unlicensed trucks, crawlers, refrigeration units and thinning and weeding tools.

Chipping, mulching, de-limbing, cutting to length or other logging activities required "in bush" to ready the raw material for transport to a mill, are eligible for the use of marked diesel fuel. However, any activity when applied at a portable or fixed mill site is not eligible.

The term "in bush" includes temporary storage areas located between an area of harvest and the nearest public road. Loading, unloading and other logging activities performed at these sites are eligible for the use of marked diesel fuel.

2. Ineligible Uses of Marked Diesel Fuel

Generally, marked diesel fuel cannot be used in stationary internal combustion engines. However, if the stationary engine is used exclusively to generate electricity for the purpose of operating eligible equipment in direct logging activities, marked diesel fuel may be used.

Similarly, marked diesel fuel cannot be used in stationary engines which are used for indirect activities or activities subsequent to the logging operation. Such activities include lighting or electrification of camps or work sites, operating of equipment used to repair or maintain equipment, movement and handling of timber at the mill site and any production or processing of raw de-limbed timber by a portable mill or fixed mill site.

Marked diesel fuel cannot be used to operate any licensed vehicles, including trucks used for hauling logs from storage areas to mill sites. In addition, marked diesel fuel cannot be used in equipment for maintaining logging roads, constructing roads intended for general vehicle traffic or in equipment used in construction or excavation work not related to logging.

3. Other Special Situations

Some leniency is provided to farmer/logger operators in cases where unlicensed equipment is routinely moved from eligible farming or direct logging activities to a non-qualifying logging activity on the primary producer's own land. In these cases, the operator is not required to drain the fuel tank of such equipment when moving to a taxable logging activity. Instead, operators may become registered with Saskatchewan Finance, allowing them to make an annual report indicating the amount of marked diesel fuel used in non-qualifying logging activities and pay the tax owing on this consumption. It should be understood that when equipment is being used in non-qualifying activities for an extended period of time, operators must add only clear diesel fuel when refueling.

C. OTHER USES OF MARKED DIESEL FUEL

Marked diesel may be purchased by individuals for use exclusively for heating, cooking or lighting purposes, providing the fuel is not used in an internal combustion engine.

D. ALLOWABLE USES OF FARM GASOLINE

For the purposes of this bulletin, farm gasoline includes gasoline purchased in bulk by farmers, commercial fishers, trappers or loggers for use in their eligible farming and primary producing activities in a manner similar to that outlined above for marked diesel fuel.

A Fuel Tax Exemption Permit holder may purchase 80% of their gasoline tax free from bulk fuel dealers (including cardlock and keylock operators) for use in their eligible farming and primary producing activities.

To simplify administration for invoicing bulk fuel purchases, the bulk dealer may show the amount of tax collected as 3¢ per litre on all gasoline sold to a permit holder for use in his or her farming or commercial fishing, trapping or logging operation. The fuel cannot be dispensed directly into the fuel tank of the motor vehicle. Cardlock and keylock operators must display a sticker available from the Department of Finance that will be clearly visible to fuel purchasers advising them that it is not permissible to dispense farm gasoline directly into the tanks of motor vehicles. Farm gasoline may not be dispensed through retail service stations or gas bar pumps.

Farm gasoline may not be used for personal, non-farm business or employment purposes, including driving to and from your place of employment.

If some farm gasoline is incidentally used for a taxable purpose, the non farming use must be declared and tax remitted.

FOR FURTHER INFORMATION

Write: Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-7688

E-mail: sask.tax.info@finance.gov.sk.ca

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www.gov.sk.ca/finance