

Ministry of Finance

Tax Bulletin



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Tax Rates on Fuels

Motor Fuel Tax Act and Carbon Tax Act

Latest Revision: *The revision bar (|) identifies changes to the previous version of this bulletin dated April 2018. For a summary of the changes, see Latest Revision at the end of this document.*

This bulletin provides information on the current motor fuel and carbon tax rates that apply to the various types of fuels used in internal combustion engines (i.e. motor fuels). This bulletin also provides information on the carbon tax rates that apply to other fuels and combustibles.

The carbon tax rates set out in this bulletin are in effect from April 1, 2019 to March 31, 2020. These rates will increase on April 1st of each year until 2021. For more information, see [Carbon Tax Rates by Fuel Type – From July 1, 2012](#).

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Overview

Carbon tax is a broad based tax that applies to the purchase or use of fuels, such as gasoline, diesel, natural gas, heating oil, propane and coal, unless a specific exemption applies (for information on specific exemptions, see our [Exemptions](#) page). The use of fuels includes all uses, even if the fuel is not combusted. Carbon tax also applies to the use of combustibles, such as peat and tires, when used to produce heat or energy. Carbon tax applies to fuels at different rates depending on their anticipated carbon emissions and the rate for each fuel type is applied consistently throughout BC.

Motor fuel tax applies to fuels sold for use or used in internal combustion engines. Internal combustion engines are used in most automobiles, aircraft, ships and motor boats. They are also used in industrial equipment, such as bulldozers, skidders, chain saws and generators. Motor fuel tax applies to fuels at different rates depending on where in BC you purchase the fuel and how it is used.

If a fuel is used to generate power in an internal combustion engine, motor fuel tax and carbon tax apply to the fuel. If a fuel is sold for any purpose other than for use in an internal combustion engine, carbon tax and the provincial sales tax (PST), and in some cases the ICE Fund tax, apply to the fuel unless there is a specific exemption. For information on the ICE Fund tax and the PST exemption for residential energy products, see [Bulletin PST 203](#), *Energy, Energy Conservation and the ICE Fund Tax*.

Motor fuel tax and carbon tax (not PST) apply to propane in all cases unless a specific exemption applies. For information on specific exemptions, see [Bulletin MFT 014](#), *Propane Exemptions*.

Motor fuel tax and carbon tax apply to ethanol at the same rate as gasoline.

Motor fuel tax and carbon tax apply to biodiesel and straight vegetable oil (SVO) at the same rate(s) as diesel (motor fuel) and light fuel oil – diesel (carbon tax).

The motor fuel tax and carbon tax rates for gaseous and liquid fuel are based on the following standard reference conditions.

- Gaseous fuel - a temperature of 15°C and an atmospheric pressure of 101.325 kPa
- Liquid fuel - a temperature of 15°C

Carbon tax rates for solid fuels are based on metric tonnes.

Clear Gasoline and Clear Diesel

Dedicated and Provincial Motor Fuel Tax

Motor fuel tax on clear gasoline and clear diesel fuel is made up of provincial and dedicated taxes. The provincial tax rate varies by region and the proceeds from this tax go to general revenue. Dedicated taxes, which apply in certain regions in the province, go to three organizations: the South Coast British Columbia Transportation Authority (TransLink), the British Columbia Transit Authority and the British Columbia Transportation Financing Authority (BCTFA).

South Coast British Columbia Transportation Authority (TransLink)

– Vancouver Area

The dedicated tax on clear gasoline and clear diesel fuel sold inside the South Coast British Columbia transportation service region (SCTA) is 17¢ per litre.

The South Coast British Columbia transportation service region includes:

- North to and including Lion's Bay
- West to and including Bowen Island
- South to the international border
- East to and including the municipalities of Langley, Maple Ridge and Pitt Meadows

For detailed maps of the South Coast British Columbia transportation service region, see [TransLink's website](#).

British Columbia Transit Authority – Victoria Area

Effective April 1, 2018, the dedicated tax on clear gasoline and clear diesel fuel sold inside the Victoria regional transit service area (VRTA) increased from 3.5¢ to 5.5¢ per litre.

The Victoria regional transit service area includes all incorporated areas of the Capital Regional District and unincorporated areas of the Capital Regional District that are part of the Juan de Fuca Electoral Area, excluding the Malahat and Renfrew Land Districts. The islands within these areas, including Salt Spring Island and the Outer Gulf Islands, are **not included** in the Victoria regional transit service area.

For a map of the Victoria regional transit service area, see [BC Transit's website](#).

Determining Whether the Dedicated Taxes for SCTA and VRTA Apply

A sale is considered to take place **inside** the SCTA or VRTA, and these dedicated taxes apply, if title to the clear gasoline or clear diesel, including the rights and responsibilities of ownership, transfers within the SCTA or VRTA.

The following scenarios outline how these dedicated taxes apply.

*Fuel purchased **inside** the SCTA or VRTA:*

- If you purchase clear gasoline or clear diesel **inside** the SCTA or VRTA, where these dedicated taxes apply, you must pay the applicable dedicated tax to your supplier. If you resell the fuel **inside** the SCTA or VRTA, the dedicated taxes still apply and you must collect the applicable dedicated tax from your customer to reimburse yourself for the dedicated tax you paid to your supplier.
- If you purchase clear gasoline or clear diesel **inside** the SCTA or VRTA, and you use the fuel **outside** the SCTA or VRTA (e.g. you consume the fuel in the operation of your business), the dedicated taxes still apply since ownership of the fuel transferred to you **inside** the SCTA or VRTA.
- If you purchase clear gasoline or clear diesel **inside** the SCTA or VRTA, and you resell the fuel **outside** the SCTA or VRTA, where the dedicated taxes do **not** apply, you may apply for a refund of the dedicated taxes you pay when you purchase the fuel.

For more information on refunds see our [Refunds](#) page.

*Fuel purchased **outside** the SCTA or VRTA*

- If you purchase clear gasoline or clear diesel **outside** the SCTA or VRTA, where these dedicated taxes do not apply, and you resell the fuel inside the SCTA or VRTA, where the dedicated taxes apply, you must collect the tax, including the applicable dedicated tax in the region from your customer and remit the difference between the security you paid and the tax collected to us. You can file your returns and pay the dedicated tax due either online using [eTaxBC](#), or by mail, courier or in person using the following forms:
 - *South Coast British Columbia Transportation Tax Return (FIN 427)* for fuel sold within SCTA
 - *British Columbia Transit Tax Return (Victoria) (FIN 450)* for fuel sold within VRTA
- If you purchase clear gasoline or clear diesel **outside** the SCTA or VRTA, and you use the fuel **inside** the SCTA or VRTA (e.g. you consume the fuel in the operation of your business), the dedicated taxes do **not** apply since ownership of the fuel transferred to you **outside** the SCTA or VRTA.

British Columbia Transportation Financing Authority (BCTFA)

The dedicated tax for the British Columbia Transportation Financing Authority on clear gasoline and clear diesel fuel sold anywhere in the province is 6.75¢ per litre.

Carbon Tax

Carbon tax is a separate tax on fuel in addition to the motor fuel tax. The carbon tax rate for a type of fuel is the same throughout the province, regardless of where you purchase the fuel or how it is used.

Tax Rates on Clear Gasoline

Clear Gasoline Tax Rates per Litre			
Type of Tax	South Coast British Columbia Transportation Service Region (Vancouver Area)	Victoria Regional Transit Service (Victoria Area)	Remainder of the Province
Dedicated Motor Fuel Tax – TransLink	17.00¢	N/A	N/A
Dedicated Motor Fuel Tax – BC Transit (Victoria)	N/A	5.50¢	N/A
Dedicated Motor Fuel Tax – BCTFA	6.75¢	6.75¢	6.75¢
Provincial Motor Fuel Tax (general revenue)	1.75¢	7.75¢	7.75¢
Total Motor Fuel Tax	25.50¢	20.00¢	14.50¢
Carbon Tax	8.89¢	8.89¢	8.89¢
Total Provincial Tax	34.39¢	28.89¢	23.39¢

Tax Rates on Clear Diesel

Clear Diesel (Motive Fuel/Light Fuel Oil) Tax Rates per Litre			
Type of Tax	South Coast British Columbia Transportation Service Region (Vancouver Area)	Victoria Regional Transit Service (Victoria Area)	Remainder of the Province
Dedicated Motor Fuel Tax – TransLink	17.00¢	N/A	N/A
Dedicated Motor Fuel Tax – BC Transit (Victoria)	N/A	5.50¢	N/A
Dedicated Motor Fuel Tax – BCTFA	6.75¢	6.75¢	6.75¢
Provincial Motor Fuel Tax (general revenue)	2.25¢	8.25¢	8.25¢
Total Motor Fuel Tax	26.00¢	20.50¢	15.00¢
Carbon Tax	10.23¢	10.23¢	10.23¢
Total Provincial Tax	36.23¢	30.73¢	25.23¢

Other Motor Fuels

Motor fuel and carbon taxes also apply to other motor fuels for use in internal combustion engines.

The motor fuel tax rates for these fuels are the same throughout the province, as dedicated taxes apply only to clear gasoline and clear diesel. As noted earlier, the carbon tax rate for each type of fuel is the same throughout the province, regardless of where you purchase the fuel or how it is used.

Tax Rates on Other Motor Fuels

Province-Wide Motor Fuel and Carbon Tax Rates per Litre (excluding clear gasoline and clear diesel)				
Applicable Act		Applicable Tax Rate		
Motor Fuel Tax Act	Carbon Tax Act	Motor Fuel Tax Rate	Carbon Tax Rate	Total Provincial Tax
Coloured (marked) Gasoline ¹	Gasoline	3.00¢ ²	8.89¢	11.89¢
Coloured (marked) Diesel ¹	Light Fuel Oil – Diesel	3.00¢ ²	10.23¢	13.23¢
Locomotive Fuel	Light Fuel Oil – Locomotive Diesel	3.00¢ ²	10.23¢	13.23¢
Marine Diesel Fuel	Light Fuel Oil – Diesel	3.00¢ ²	10.23¢	13.23¢
Marine Gas Oil	Light Fuel Oil – Diesel	Exempt	10.23¢	10.23¢
Marine Bunker Fuel	Heavy Fuel Oil	Exempt	12.60¢	12.60¢
Aviation Fuel	Aviation Fuel (non-jet)	2.00¢	9.84¢	11.84¢
Jet Fuel ³	Jet Fuel	2.00¢	10.44¢	12.44¢
Propane (for all uses)	Propane	2.70¢	6.16¢	8.86¢
Natural Gas	Natural Gas	See Natural Gas section below	7.60¢ per cubic metre or \$1.9864 per gigajoule	7.60¢ per cubic metre or \$1.9864 per gigajoule

¹ Coloured gasoline and coloured diesel must not be sold, purchased or used, except for an authorized use. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.

²The 3.00¢ per litre rate only applies if certain requirements have been met. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances* and [Bulletin MFT-CT 001](#), *Fuel Sellers*.

³Jet fuel used by commercial air services for international flights is exempt from motor fuel tax. Jet fuel used by commercial air services for interjurisdictional flights, which includes international flights, is exempt from carbon tax. For more information, see [Bulletin MFT-CT 004](#), *Registered Consumers*.

Motor Fuel and Carbon Tax Exemptions

Under specific circumstances fuels can be sold exempt of motor fuel tax or carbon tax or both to end purchasers (e.g. First Nations, farmers, registered consumers). For detailed information on when and where these exempt sales can occur and what records the fuel seller must collect and record to support not collecting tax, see [Bulletin MFT-CT 001](#), *Fuel Sellers*.

Coloured Fuels

Although coloured diesel, coloured heating oil, and coloured non-motor fuel oil can be chemically identical, their authorized uses and tax rates are different. Coloured diesel fuel is intended for use in internal combustion engines and is subject to motor fuel tax. Coloured heating oil is intended only for heating purposes. Coloured or clear non-motor fuel oil is intended for use other than for heating or for generating power by means of an internal combustion engine. While heating oil and non-motor fuel oil are not subject to motor fuel tax, they are subject to carbon tax and PST and, in some cases, the ICE Fund tax, unless a specific exemption applies. However, if heating oil is purchased for residential energy use, it is exempt from PST. Substituting diesel with heating oil or non-motor fuel oil is unauthorized and may result in fines and other penalties. For more information on the authorized uses of coloured fuel, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.

Marine Diesel

Effective April 1, 2018, marine diesel is exempt from motor fuel tax only if purchased for use in an interjurisdictional cruise ship or ship prohibited from coasting trade under the *Coasting Trade Act* (Canada). Marine diesel is also exempt from carbon tax when used in an interjurisdictional cruise ship or a ship prohibited from coasting trade. If you sell marine diesel without charging tax, you must keep records to show why you did not charge tax. These records must include the purchaser's name, the quantity purchased and the name of the ship in which the marine diesel is to be used. If the marine diesel is to be used for any other purpose or in any other type of vessel, you must charge motor fuel tax at 3¢ per litre. For more information, see [Bulletin MFT-CT 001](#), *Fuel Sellers*.

Marine Gas Oil

Marine gas oil is exempt from motor fuel tax only if purchased for, **and used in**, a marine gas turbine engine that propels a commercial passenger or cargo ship. If you sell marine gas oil without charging tax, you must keep records to show why you did not charge tax. These records must include the purchaser's name, the quantity purchased and the name of the ship in which the marine gas oil is to be used. If you sell marine gas oil for use in any vessel other than above, you must sell it as marine diesel fuel and charge motor fuel tax.

Natural Gas

Natural gas is generally not subject to motor fuel tax if purchased for use in:

- the internal combustion engine of a motor vehicle, or
- effective January 1, 2018, in a locomotive.

However, motor fuel tax must be self-assessed on natural gas used in a stationary internal combustion engine. Natural gas is subject to carbon tax at the time of purchase. For more information, including the tax rates, see Natural Gas Used in Stationary Engines below.

Alternative Motor Fuels

Alternative motor fuels are fuels used to propel motor vehicles that, when compared to gasoline and diesel powered vehicles, produce less emissions. You do not pay motor fuel tax on these fuels if certain conditions are met (see table below).

Tax Rates on Alternative Motor Fuels

Province-wide Motor Fuel and Carbon Tax Rates on Alternative Motor Fuels		
Fuel Type	Motor Fuel Tax	Carbon Tax
Hydrogen	Exempt when purchased for use in fuel-cell vehicles, except hydrogen that is produced by electrolysis using coal-generated electricity, unless carbon capture and storage or another process is used to contain the carbon dioxide emitted	Not taxable

Province-wide Motor Fuel and Carbon Tax Rates on Alternative Motor Fuels		
Fuel Type	Motor Fuel Tax	Carbon Tax
Methanol Blend	Exempt when alcohol based blend of gasoline or diesel fuel contains at least 85% methanol	Taxable as follows: Methanol portion at 4.36¢ per litre Gasoline portion at 8.89¢ per litre Diesel portion at 10.23¢ per litre
Natural Gas	Exempt when purchased for use in an internal combustion engine of a motor vehicle	7.60¢ per cubic metre or \$1.9864 per gigajoule

Natural Gas Used in Stationary Engines

Natural gas used in a stationary internal combustion engine is subject to both motor fuel tax and carbon tax. Whether you purchased natural gas or you extracted the natural gas from the ground, you must self-assess the motor fuel tax (and carbon tax if not paid at the time of purchase). For information on self-assessing, see [Bulletin MFT-CT 006, Self-Assessing Motor Fuel and Carbon Tax](#).

Motor Fuel Tax Rates

The motor fuel tax rate depends on the:

- Quality of the natural gas being compressed (i.e. whether or not it is marketable, see below)
- Use of the stationary internal combustion engine (i.e. moving natural gas to market or waste gas to a well for disposal)
- Location of the compressor, pump, generator or other type of stationary internal combustion engine

Generally, natural gas is marketable if it is dry (i.e. consists mainly of methane) and not marketable if it is wet. However, wet natural gas is marketable if it is:

- sold for direct consumption as a domestic, commercial or industrial fuel or as an industrial raw material (does not include processing wet gas), or
- delivered to a storage facility.

If you are unsure how motor fuel tax applies to your specific circumstances, contact us.

Carbon Tax Rates

The carbon tax rate is the same for all natural gas regardless of how or where in the province the gas is used.

Motor Fuel and Carbon Tax Rates on Natural Gas

Motor Fuel and Carbon Tax Rates for Natural Gas Used in Stationary Engines				
Use	Quality of the Product being Moved, Compressed or Transmitted	Location	Motor Fuel Tax Rate	Carbon Tax Rate
To move natural gas to market, or in or out of storage facilities	Marketable	Outside of the processing plant	1.90¢ per 810.32 litres	7.60¢ per cubic metre or \$1.9864 per gigajoule
To compress	Marketable	Within the processing plant	1.10¢ per 810.32 litres	7.60¢ per cubic metre or \$1.9864 per gigajoule
To compress	Non-marketable	Within the processing plant	Exempt	7.60¢ per cubic metre or \$1.9864 per gigajoule
To compress	Non-marketable	Wellhead and along the pipeline between the wellhead and the processing plant	Exempt	7.60¢ per cubic metre or \$1.9864 per gigajoule
To transmit	Waste	Within the processing plant	Exempt	7.60¢ per cubic metre or \$1.9864 per gigajoule

Motor Fuel and Carbon Tax Rates for Natural Gas Used in Stationary Engines				
Use	Quality of the Product being Moved, Compressed or Transmitted	Location	Motor Fuel Tax Rate	Carbon Tax Rate
To transmit	Waste	Wellhead and along the pipeline between the wellhead and the processing plant	Exempt	7.60¢ per cubic metre or \$1.9864 per gigajoule
To inject	Waste	Wellhead	Exempt	7.60¢ per cubic metre or \$1.9864 per gigajoule
To pump oil (oil includes all types or grades of petroleum products being moved between locations - e.g. crude, dilbit, gasoline)	Any	Wellhead or within the processing plant	1.10¢ per 810.32 litres	7.60¢ per cubic metre or \$1.9864 per gigajoule
To pump oil	Any	<ul style="list-style-type: none"> ▪ Along the pipeline from the wellhead and the processing plant ▪ from a processing plant to market ▪ in or out of storage facilities 	1.90¢ per 810.32 litres	7.60¢ per cubic metre or \$1.9864 per gigajoule
For purposes other than described above	Any	Locations other than those described above	1.10¢ per 810.32 litres	7.60¢ per cubic metre or \$1.9864 per gigajoule

Substances Sold for Use Other Than in Internal Combustion Engines

Motor Fuel Tax

Generally, any gas or liquid purchased for use in an internal combustion engine is taxable under both the *Motor Fuel Tax Act* (MFTA) and the *Carbon Tax Act* (CTA). However, some gases or liquids (substances) which are chemically the same as fuels taxed under the MFTA may be sold exempt of motor fuel tax if they are not for use in an internal combustion engine. These substances are subject to carbon tax and PST and, in some cases, the ICE Fund tax, unless a specific exemption applies.

These substances include:

- **Coloured heating oil**, which is a light fuel oil (diesel fuel) marketed or sold for use in a furnace, boiler or open flame burner. Please note that only authorized businesses may colour fuel or sell coloured fuel, or coloured heating oil. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.
- **Coloured/clear non-motor fuel oil**, which is a light fuel oil (diesel fuel) marketed or sold for a use other than for use in an internal combustion engine or for use in a furnace, boiler or open flame burner. Examples of non-motor fuel oil include light fuel oil sold for use as solvents, protective coatings or explosives. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.
- **Gasoline and other fuels** (except light fuel oil), which are marketed or sold for a use other than for use in an internal combustion engine. For example, gasoline sold exempt of motor fuel tax when sold for use as a solvent. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.
- **Natural gas** sold for use other than in an internal combustion engine. For more information see, [Bulletin CT 001](#), *Natural Gas and Biomethane Sellers* and [Bulletin PST 203](#), *Energy, Energy Conservation and the ICE Fund Tax*.

If you sell non-motor fuel oil or other substances such as gasoline for purposes other than for use as heating oil or for use in an internal combustion engine, you are not required to colour them before you sell them. However, at or before the time you sell non-motor fuel oil or other substances for a use other than in an internal combustion engine to a person for the person's own use, you must obtain from the purchaser a *Certificate of Exemption - Substances Sold for Use Other Than in Internal Combustion Engines* ([FIN 480](#)). You must keep this completed certificate in your records. The only exceptions to this are sales of coloured heating oil, propane and natural gas.

Note: If the substance being sold is invoiced as a motor fuel (e.g. gasoline or diesel), the seller must charge motor fuel tax and carbon tax.

If a non-motor fuel oil or other substance is purchased for use other than in an internal combustion engine (e.g. gasoline sold as a solvent) and is later used as a motor fuel, the purchaser must self-assess and remit the motor fuel tax due. If the purchaser does not self-assess the tax due, they may be assessed for tax due, interest and penalties. For more information, see [Bulletin MFT-CT 006](#), *Self-Assessing Motor Fuel and Carbon Tax*.

PST and ICE Fund Tax

Heating oil, non-motor fuel oil, and other substances (e.g. gasoline or natural gas) marketed or sold for a use other than in an internal combustion engine (e.g. a solvent), are generally subject to 7% PST and in some cases, the 0.4% ICE Fund tax under the *Provincial Sales Tax Act*.

For example, if diesel fuel is coloured and sold as heating oil (i.e. purchased for your furnace), it is not taxed under MFTA but is subject to PST unless a specific exemption applies (i.e. for residential use). It is also subject to the ICE Fund tax.

If the diesel fuel is sold as non-motor fuel oil (i.e. not diesel, motive fuel or coloured heating oil) it is subject to PST unless a specific exemption applies but it is not subject to the ICE Fund tax.

By comparison, if diesel fuel is sold as “diesel” for your truck (i.e. for use in an internal combustion engine) it is taxable under the MFTA as motive fuel but not subject to PST and not subject to the ICE Fund tax. For more information on the ICE Fund Tax, see [Bulletin PST 203](#), *Energy, Energy Conservation and the Ice Fund Tax*.

If you sell natural gas to a customer claiming the natural gas is for use in an internal combustion engine, you must obtain from your customer, a completed *Certificate of Exemption – Natural Gas* ([FIN 449](#)). For more information, see [Bulletin PST 203](#), *Energy, Energy Conservation and the Ice Fund Tax*.

Carbon Tax

Carbon tax applies to fuels/substances not used in internal combustion engines and to combustibles (tires and peat) used to produce energy or heat. Depending on the circumstances, some fuels are not subject to, or may be exempt from, carbon tax. In these cases, either carbon tax will not be charged, or if charged, the purchaser may apply for a refund of the carbon tax paid. For more information on exemptions from carbon tax, see our [Exemptions](#) page.

Tax Rates on Fuels/Substances not used in Internal Combustion Engines

Fuels/Substances Not Used in Internal Combustion Engines	Carbon Tax Rate
Light Fuel Oil – Heating Oil/Industrial Oil, non-motor fuel oil	10.23¢ per litre
Kerosene	10.44¢ per litre
Naphtha	10.20¢ per litre
Methanol	4.36¢ per litre
Butane	7.04¢ per litre
Ethane	3.92¢ per litre
Natural Gas	7.60¢ per cubic metre or \$1.9864 per gigajoule
Propane	6.16¢ per litre
Gas Liquids	6.60¢ per litre
Pentanes Plus (includes Iso-octane)	7.04¢ per litre
Refinery Gas	7.04¢ per cubic metre
Coke Oven Gas	6.44¢ per cubic metre
Low Heat Value Coal - coal of any type with a heat value of up to and including 27,000 kilojoules per kilogram	\$71.08 per tonne
High Heat Value Coal – coal of any type with a heat value greater than 27,000 kilojoules per kilogram	\$83.08 per tonne
Coke	\$99.48 per tonne
Petroleum Coke	14.68¢ per litre

Fuels/Substances Not Used in Internal Combustion Engines	Carbon Tax Rate
Tires - Shredded	\$95.64 per tonne
Tires - Whole	\$83.20 per tonne
Peat	\$40.88 per tonne

Reporting Tax on Sales Invoices

You must record certain information on your fuel sales invoices if you sell fuel:

- from a bulk storage facility, cardlock or terminal rack,
- for resale to another fuel seller,
- to a registered consumer, registered air service or registered marine service, or
- to a customer who requests an invoice.

You must provide an invoice to your customer showing:

- the date of the sale,
- your name and address,
- the location of the sale if different than above and, if applicable, where the fuel was delivered,
- the name and address of the person you sold the fuel to,
- the quantity of each type of fuel sold, and
- the rates for motor fuel tax and carbon tax for each type of fuel sold as separate lines or columns on the invoice.

Note: There are additional invoice and certification requirements if you are selling coloured fuel, marine diesel or locomotive fuel. For more information, see [Bulletin MFT-CT 003](#), *Coloured Fuels and Other Substances*.

Calculating Multiple Taxes on the Same Fuel Purchase

Motor Fuel Tax, Carbon Tax and PST

When calculating the tax on fuels sold for use, or used, in **internal combustion engines** (i.e. motor fuels) and propane (sold for any use), you calculate the motor fuel tax and carbon tax on the volume of the fuel. Motor fuel tax, not PST, applies to propane in all cases unless a specific exemption applies. For more information, see [Bulletin MFT 014](#), *Propane Exemptions*.

The following are examples of how to calculate tax on fuels sold for use, or used, in internal combustion engines and for substances (fuel) sold for use other than in internal combustion engines.

Fuel Sold for Use in Internal Combustion Engines (e.g. cars, trucks, boats, airplanes and other equipment etc.) and Propane (sold for any use)

Motor fuel tax and carbon tax are calculated on the volume of fuel.

Example – Tax Calculated on Gasoline

Gasoline purchase price per litre (excluding tax)	\$1.0000
Motor fuel tax (cents per litre, without transit tax)	.1450
Carbon Tax (cents per litre)	<u>.0889</u>
Total purchase price per litre	\$1.2339

Substances (Fuel) Sold for Use Other Than in Internal Combustion Engines

Carbon tax, PST and, in some cases, the ICE Fund tax applies to the fuel, unless there is a specific exemption. The carbon tax is calculated on the volume of the fuel. The PST and the ICE Fund tax (if applicable) are calculated as a percentage of the purchase price. The purchase price does not include any other tax. For example, the 7% PST does not apply to the amount of carbon tax. For more information on how the PST and ICE Fund tax apply to energy products, see [Bulletin PST 203](#), *Energy, Energy Conservation and the Ice Fund Tax*.

Example – Tax Calculated on Heating Oil for Commercial Purposes

Heating oil (fuel oil) purchase price per litre (excluding tax)	\$1.0000
Carbon Tax (cents per litre)	.1023
PST (7% of the purchase price)	.0700
ICE Fund Tax (0.4% of the purchase price)	<u>.0040</u>
Total purchase price per litre	\$1.1763

Goods and Services Tax (GST)

You calculate the federal GST as a percentage of the purchase price of the fuel. Any applicable carbon tax or motor fuel tax is included in the purchase price for the purposes of calculating GST. PST is not included in the purchase price for the purposes of calculating GST. For GST information, see www.canada.ca

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

Latest Revision

April 1, 2019

- Updated to reflect the increase to carbon tax rates effective April 1, 2019
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