

Information Bulletin

FT-8

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THE FUEL TAX AND ROAD USE CHARGE ACT

INFORMATION FOR LPG DISTRIBUTORS AND VENDORS

This bulletin describes the taxation and reporting requirements for distributors and vendors of propane and other liquefied petroleum gas (LPG) products. It is a general guide and not a substitute for the legislation.

Changes to this bulletin are indicated by a (I) in the left margin.

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

- A. Licensed Distributors
- B. Propane Vendors
- C. Vendors Not Selling Taxable Propane
- D. Importing Propane & Other LPG Products
- E. Exporting Propane & Other LPG Products
- F. Saskatchewan eTax Services (SETS)

A. LICENSED DISTRIBUTORS

Persons who import or manufacture propane and other LPG products, and sell or distribute these products to other licence holders, or to licensed vendors (see Section C), may apply for a Fuel Tax Licence.

Licensed distributors must collect and remit the tax of 9¢ per litre on all propane sold to:

1. vendors; or,
2. consumers:
 - a) by volume, through metering facilities normally used to dispense propane for automotive purposes; or,
 - b) by weight, and dispensed into tanks capable of holding more than 45.35 kg (100 pounds) of propane, unless:
 - sold to the holder of a valid Fuel Tax Exemption Permit; and /or,
 - sold to a customer for heating use.

Licensed distributors can apply for a Fuel Tax Licence by completing and submitting a [Fuel Tax Registration Application](#).

Heating means using fuel in a device that contains a burner to produce an open flame, but does not include using fuel:

- (a) to power an internal combustion engine or a turbine engine;
- (b) as a means of propulsion;
- (c) for regulating temperature in a trailer or container used for the private or commercial transportation of goods;
- (d) to produce electricity or to power a compressor or pump; or,
- (e) for fabrication processes such as cutting or welding.

Where propane is delivered to a single storage tank that is used for both taxable and exempt (heating) purposes, tax must be collected on the entire sale and the purchaser may apply for a refund.

To be eligible for a refund the customer must have an in-line flow meter installed and have registered the meter with the Ministry of Finance.

Distributor Reporting Requirements

Licensed distributors must file a generic fuel tax return in SETS by the 20th of each month, with respect to the tax payable for the preceding month.

Licensed distributors are able to acquire, import and store propane and other LPG products tax free in Saskatchewan. Distributors must use the generic fuel tax return to report and reconcile their production, imports, acquisitions, and opening/closing inventory, to their taxable and exempt dispositions of propane and other LPG products to other licence holders, vendors, and consumers.

Distributors must provide exempt sales transaction detail for all exempt sales that are greater than 45.35 kilograms (100 pounds) when reporting and reconciling their taxable and exempt sales.

Licensed propane distributors who use propane in their own vehicles or equipment must account for the tax and remit it with their generic fuel tax returns.

Licensed propane distributors must remit to Finance, by the last day of every month, an amount equal to the lesser of:

1. the actual tax payable for the period, commencing on the first day of the month and ending on the 15th day of the month; or,
2. the amount equal to one-half of the tax payable for the preceding month.

On the 20th of the month, the actual tax for the preceding month, less the tax paid on the last day of the preceding month, is payable. Late payments are subject to penalty and interest.

However, interim payments due on and paid by the last day of the month are not subject to penalty and interest providing:

1. the amount is equal to at least 90 per cent of the actual tax determined to be payable for the period; or,
2. the tax paid is equal to 50% of the tax payable for the preceding month.

If tax is less than \$10,000 per year, monthly remittances are acceptable.

Natural gas is a prescribed fuel under *The Fuel Tax and Road Use Charge Act*; therefore, natural gas is neither taxable nor reportable.

B. PROPANE VENDORS

Propane vendors acquire propane from licensed distributors and typically sell directly to consumers. Vendors pay the tax of 9¢ per litre on their propane purchases at the time of the acquisition from the distributor.

All propane sold through a vendor's facilities that are normally used to dispense propane for automotive purposes is taxable regardless of its intended use, including sales to persons with valid Fuel Tax Exemption Permits.

Propane not dispensed through automotive dispensing facilities that is sold by weight and dispensed into tanks capable of holding 45.35 kg (100 pounds) or less is exempt of tax, regardless of its use. Propane that is sold and dispensed into tanks of more than 45.35 kg (100 pounds) is taxable unless:

1. sold to the holder of a valid Fuel Tax Exemption Permit; and / or,
2. sold to a customer for heating use.

Heating means using fuel in a device that contains a burner to produce an open flame, but does not include using fuel:

- (a) to power an internal combustion engine or a turbine engine;
- (b) as a means of propulsion;
- (c) for regulating temperature in a trailer or container used for the private or commercial transportation of goods;
- (d) to produce electricity or to power a compressor or pump; or,
- (e) for fabrication processes such as cutting or welding.

Where propane is delivered to a single storage tank that is used for both taxable and exempt (heating) purposes, tax must be collected on the entire sale and the purchaser may apply for a refund. To be eligible, the purchaser must have an approved in-line flow meter installed and have registered the meter with Finance.

Vendors may apply to Finance monthly, for a refund of the tax on exempt propane sales by filing a return in SETS and selecting the "Propane Vendor Claim" Form Type.

C. VENDORS NOT SELLING TAXABLE PROPANE

A vendor who does not have facilities to dispense automotive propane or does not dispense taxable propane into containers of more than 45.35 kilograms (100 lbs.) may request approval from Finance to purchase propane tax free for resale, from a licensed distributor.

D. IMPORTING PROPANE & OTHER LPG PRODUCTS

A person who is not a distributor, and who imports propane or other LPG products into the province, must report the importation and pay a deposit equal to the tax that would be required to be paid if the fuel was purchased in Saskatchewan, prior to the fuel entering the province. (See [Information Bulletin FT-7](#) for information on importing fuel into Saskatchewan.) *Casual Fuel Import Permits* may be obtained through SETS by clicking the “Quick Links” in the bottom right corner and choosing “File a Casual tax return”.

Licensed distributors must report monthly and remit the tax payable as required. (See details above).

E. EXPORTING PROPANE & OTHER LPG PRODUCTS

Any person who is not a distributor, and who wishes to purchase or store tax-free propane or other LPG products in Saskatchewan for the purpose of export, must become licensed as an exporter. (See [Information Bulletin FT-6](#) for more information on obtaining an Exporter’s Licence).

Licensed exporters are required to report detailed information monthly for each export on forms available from the Revenue Division and must retain proper documentation as discussed in [Information Bulletin FT-9](#).

F. SASKATCHEWAN eTAX SERVICES (SETS)

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS:

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- Apply, renew and check status of various Fuel Tax related permits.
- Report exempt or tax reduced fuel sales through the EFSR menu option.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.

- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

Email: sasktaxinfo@gov.sk.ca

Internet: Tax bulletins, forms and information are available at www.sets.saskatchewan.ca/taxinfo.

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Government website: Saskatchewan.ca