



Greenhouse Gas Pollution Pricing

December 2019



Agenda

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Fuel Charge Overview

- The fuel charge was introduced as part of the Federal Carbon Pollution Pricing System, enacted through the Greenhouse Gas Pollution Pricing Act (the Act), which received Royal Assent on June 21, 2018
- Administered by the Excise Duties and Taxes Division of the CRA

Fuel Charge Overview

- The fuel charge currently applies in the provinces and territories of Ontario, New Brunswick, Manitoba, Nunavut, Saskatchewan, and Yukon
- This past August the Federal Government made regulations that apply the federal pollution pricing fuel charge in Alberta effective **January 1, 2020**
- Known as listed provinces

Fuel Charge Overview

- Applies to 21 types of fuel and to combustible waste
- In most cases, the charge applies early in the supply chain
- A registered distributor that delivers a specific type of fuel in a listed province must generally pay the charge for that fuel, unless the registered distributor delivers the fuel to a person that is exempt

Fuel Charge Rates

Rates – Alberta

Type	Unit	January 1, 2020 and ending on March 31, 2020	April 1, 2020 and ending on March 31, 2021	April 1, 2021 and ending on March 31, 2022	After March 31, 2022
Aviation gasoline (note 1)	\$/litre	0.0498	0.0747	0.0995	0.1244
Aviation turbo fuel (note 1)	\$/litre	0.0516	0.0775	0.1033	0.1291
Butane	\$/litre	0.0356	0.0534	0.0712	0.0890
Ethane	\$/litre	0.0204	0.0306	0.0408	0.0509
Gas Liquids	\$/litre	0.0333	0.0499	0.0666	0.0832
Gasoline	\$/litre	0.0442	0.0663	0.0884	0.1105
Heavy fuel oil	\$/litre	0.0637	0.0956	0.1275	0.1593
Kerosene	\$/litre	0.0516	0.0775	0.1033	0.1291
Light fuel oil	\$/litre	0.0537	0.0805	0.1073	0.1341
Methanol	\$/litre	0.0220	0.0329	0.0439	0.0549
Naphtha	\$/litre	0.0451	0.0676	0.0902	0.1127
Petroleum coke	\$/litre	0.0767	0.1151	0.1535	0.1919
Pentanes plus	\$/litre	0.0356	0.0534	0.0712	0.0890
Propane	\$/litre	0.0310	0.0464	0.0619	0.0774
Coke oven gas	\$/cubic meter	0.0140	0.0210	0.0280	0.0350
Marketable natural gas	\$/cubic meter	0.0391	0.0587	0.0783	0.0979
Non-marketable natural gas	\$/cubic meter	0.0517	0.0776	0.1034	0.1293
Still gas	\$/cubic meter	0.0540	0.0810	0.1080	0.1350
Coke	\$/tonne	63.59	95.39	127.19	158.99
High heat value coal	\$/tonne	45.03	67.55	90.07	112.58
Low heat value coal	\$/tonne	35.45	53.17	70.90	88.62
Combustible Waste	\$/tonne	39.95	59.92	79.89	99.87



Registration



Registration

- Registration is either required or permitted, depending on your business activities in a listed province.
- You may be required to register if your business activities include distributing, wholesaling, producing, using, delivering, importing or exporting one of the fuels covered by the Act, or burning combustible waste, such as asphalt shingles or tires, in a listed province.
- One or more registration types may be applicable to a person in respect of different types of fuel.

Registration

- The **Greenhouse Gas Pollution Pricing Act** provides for the following 12 types of registration:

➤ Distributor	➤ Specified air carrier
➤ Importer	➤ Marine carrier
➤ Emitter	➤ Specified marine carrier
➤ User of Fuel	➤ Rail carrier
➤ User of combustible waste	➤ Specified rail carrier
➤ Air Carrier	➤ Road carrier

Registration

- If you are currently not registered under the fuel charge and you have business activities in Alberta, and your registration is **mandatory**, you must apply for registration before January 1, 2020. If your registration is **permitted**, you may register at any time.
- If you are already registered as a type, other than as an emitter, for the fuel charge, you will not need to register again for those same business activities in Alberta. Once a return and related schedule is reported showing an amount owing for a type of fuel, Alberta will be added to your profile.
- Joint Ventures – same as GST

Registration – Why?

- Registration generally allows a distributor to:
 - Accept delivery of fuel on a charge out basis if accompanied by an exemption certificate
 - Deliver fuel on a charge-out basis if delivered and an exemption certificate applies
 - Deliver that type of fuel on a charge-out basis in a listed province if the fuel is designated as ships' stores for use on board a conveyance of a class prescribed under the Ships' Stores Regulations
- A registered distributor is not required to file separately for these activities:
 - Fuel that is imported or brought into a listed province
- A registered distributor is not required to pay a charge on inventory held as a distributor.



Distributors



Distributor

Mandatory Registration

Under subsection 55(1), a person is required to be registered as a distributor in respect of both marketable natural gas (MNG) and non-marketable natural gas (NMNG) under certain conditions.

A person that produces a fuel, other than MNG or NMNG.

Voluntary Registration

Subsection 55(3) provides that a person that is not required under subsection 55(1) to be registered as a distributor in respect of a type of fuel (other than MNG or NMNG) may apply to be registered as a distributor in respect of that type of fuel.

Distributor -Voluntary

- Carry on the business of selling, delivering or distributing fuel and, in the ordinary course of business, delivers that fuel in a listed province to:
 - Another person that resells the fuel in the ordinary course of business
 - A registered distributor
 - A farmer or fisher
 - A registered specified air, rail or marine carrier
 - A registered emitter
 - A registered user
 - To another person if, the fuel is designated as ships' stores
 - A greenhouse operator
 - A remote power plant operator
 - Carry on the business of selling, delivering or distributing fuel and, in the ordinary course of business, removes fuel of that type from a listed province
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Distributor

Treatment of the fuel charge

As a registered distributor, fuel is generally held without the charge being payable until

- the fuel is either used by the registered distributor in a listed province;

- transferred into a supply tank of a vehicle of the registered distributor, **unless**, also registered as an emitter and the transfer is at that facility; or

- delivered by the registered distributor to a person that does not provide an exemption certificate.

Distributor

Filing and reporting

The reporting period of a registered distributor is a calendar month. A registered distributor must file a return monthly with the CRA, even if there is no amount owing. The return must be filed by the end of the month following the reporting period.

Forms to complete

The quantity of fuel subject to a charge must be reported by type of fuel and listed province. A registered distributor must file [Form B400, Fuel Charge Return – Registrant](#), for each reporting period, for each registration type, as well as [Form B400-1, Fuel Charge Return Schedule – Registered Distributor](#)

Distributor

Exemption certificates

An exemption certificate is a document that applies to the delivery of fuel and is provided by certain persons (see below) to a registered distributor to enable the registered distributor to deliver fuel in a listed province without the application of the charge at that time of delivery.

- Another registered as a distributor, a specified air carrier, a specified marine carrier or a specified rail carrier.
- A registered as an emitter and that fuel is for use at its covered facility.
- A farmer, and a fisher if certain conditions are met.
- A remote power plant operator that generates electricity for remote communities.
- Partial (80%) relief to a greenhouse operators.



Natural Gas



Natural Gas

- Fuel Charge Notice (FCN11) - Canada Revenue Agency's administrative position regarding the application of the Greenhouse Gas Pollution Pricing Act to the delivery of marketable natural gas and non-marketable natural gas through a pipeline in a listed province.
- Consider “delivery” of natural gas distributed through a pipeline to only include the physical delivery of natural gas through a pipeline.
- Does not impact other fuels

Natural Gas

- The following persons are not considered to physically deliver the natural gas:
 - persons who do not physically deliver natural gas, such as traders or marketers;
 - persons who never take physical possession of the natural gas for use and/or never remove it from a pipeline; or
 - natural gas users who purchase natural gas and contract separately for the physical delivery of the fuel to their own facilities.



Emitter



Registration

- Under subsection 57(1), a person may apply for registration as an emitter provided they have been issued a statement under the Fuel Charge Regulations.
- A registered emitter can accept delivery of fuel without a charge being payable, at that time, when the registered emitter provides an exemption certificate to the registered distributor that delivers the fuel.
- A person responsible for a covered facility, and producing fuel on the covered facility, **must** register as an emitter as well as a distributor.

Emitter

Filing and reporting

The reporting period of a registered emitter is a calendar month. A registered emitter must file a return monthly with the CRA, even if there is no amount owing. The return must be filed by the end of the month following the reporting period.

The registered emitter must report and pay a fuel charge for fuel diverted from covered facility.

Forms to complete

The quantity of fuel subject to a charge must be reported by type of fuel and listed province. A registered emitter must file Form B400, Fuel Charge Return – Registrant, for each reporting period, as well as Form B400-3, Fuel Charge Return Schedule – Registered Emitter

Emitter

- Two parts to the Return Schedule
- Additions:
 - Fuel imported or brought into a listed province
 - Fuel diverted away from the covered facility for a use that is subject to the charge
- Reductions
 - Fuel removed from the listed province
 - Fuel brought to its covered facility

Distributor - Multiple Registration

- A distributor who is also a registered emitter
 - Must file a separate return for registered emitter
 - Must also pay any charge liability separately
 - Monthly filing requirements
 - File “nil” return if no amount payable
- A registered distributor, who is also registered as an emitter will be required to file Form B400, Fuel Charge Return – Registrant, for each reporting period, for each registration type, as well as Form B400-1, Fuel Charge Return Schedule – Registered Distributor **AND** Form B400-3, Fuel Charge Return Schedule – Registered Emitter



Registration – How To



Registration – How to

Applying for registration

- A person must complete [Form L400, Fuel Charge Registration](#).
- A person must also complete [Form L400-1, Fuel Charge Registration Schedule](#).
- Registration forms can be submitted electronically using the “Submit documents” function in My Business Account.
 - Page for MyBa: canada.ca/my-cra-business-account
 - Questions on registering using MyBa

Registration – How to

- The person can also send the completed registration forms by mail to the following address:
 - Sudbury Tax Centre
 - Fuel Charge Program
 - Post Office Box 20000, Station A
 - Sudbury ON P3A 5C1
- Using courier:
 - Sudbury Tax Centre
 - Fuel Charge Program
 - 1050 Notre Dame Avenue
 - Sudbury, ON P3A 5C1
- Sudbury Specialty Business Returns fax for Emitters: 705-670-6234

Contact

If you have technical questions about the fuel charge, please contact us at the following E-mail address: fuelcharge@cra-arc.gc.ca. You can also contact our regional Prairies Office at 1-866-439-4202.

The list of offices is available on our website under Technical Information: Canada.ca/cra-fuel-charge and Canada.ca/cra-fuel-charge-information

If you have any questions on the processing of your registration forms or returns, please call 1-877-432-5472

Additional Information

- For more information about the fuel charge, visit our website
<https://www.canada.ca/en/revenue-agency/services/tax/excise-taxes-duties-levies/fuel-charge.html>.
- Registration Notice
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn1.html>
- Distributor Notice
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn2.html>
- Emitter Notice
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn5.html>

