

MINISTÈRE DU REVENU DU QUÉBEC

An Overview of

THE FUEL TAX ACT



Québec  
 

The information in this brochure does not replace the laws, regulations or administrative documents referred to, nor the proposed amendments to laws or regulations. Moreover, it does not constitute a legal interpretation of the Fuel Tax Act or any other statute of Québec.

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Everyone who makes **retail sales** of fuel in Québec must hold a **registration certificate** (“certificat d’inscription”), which is obtained by registering for the Québec sales tax (QST). In some cases, the person must also hold one or more **permits**.

A person who sells fuel to persons who acquire it for their own consumption or consumption by others is considered a **retail dealer** (or retailer). However, a person whose only commercial activity consists in operating a **service station** and who does not own the fuel sold at retail is not considered a retail dealer.





Registration certificate

To obtain a registration certificate, you must **file an application for registration** (form LM-1-V), enclosing a document that gives the address of each of the **establishments**¹ that you wish to operate (or to have operated by a third party). You are required to notify the Ministère du Revenu du Québec of any change that renders the information in your application inaccurate or incomplete.

If you hold a registration certificate and you acquire an establishment, you must notify the Ministère of the acquisition, giving your name and address, the address of the establishment, and the name and address of the person from whom you acquire the establishment. You must also advise the Ministère if you dispose of an establishment, providing your name and address, the address of the establishment, and the name and address of the person who acquires the establishment. It is important to state your name and registration number in all correspondence with the Ministère.

You must **post your registration certificate** inside your principal place of business, in plain view. If you have other establishments, you must display a copy of the certificate in each of these establishments.

If you do not comply with the provisions of the Fuel Tax Act, the registration certificate under which you carry out your activities in the fuel sector may be suspended. In this case, the Ministère will serve you with a notice of suspension, which you must post inside your principal place of business for the duration of the suspension. If you operate other establishments (or have other establishments operated by a third party), you must also post a copy of the notice of suspension in each of the establishments.

1. An establishment is any place in Québec where fuel is manufactured, refined, stored, distributed or sold, except a fuel reservoir used exclusively for supplying the heating system of an immovable.



Permits

If you are a **collection officer**, an **importer**, a **refiner**, a **storer of bulk fuel** or a **carrier of bulk fuel**, you must hold a permit for each activity carried out in Québec. You must also hold a permit if your commercial activity consists in **colouring fuel oil**, or in **blending**, for the purposes of resale, fuel that is subject to the fuel tax with another petroleum product that is not subject to the fuel tax. However, a permit is not necessary for commercial activities related to **propane gas** or **natural gas**.

A **collection officer** is any person, other than a retail dealer, who sells or delivers fuel (or causes fuel to be delivered) in Québec. If some or all of your commercial activities consist in selling fuel wholesale in Québec, you are considered a collection officer. A wholesale dealer (or wholesaler) is any person who sells fuel to persons who acquire it for the purpose of resale.

A **storer of bulk fuel** is any person who takes or grants a lease on an establishment for the storage of bulk fuel, **other than a service station**.² A storer of bulk fuel may also be a person who uses such an establishment at the expense of a third party, or who causes it to be used at his or her own expense.

A **carrier of bulk fuel** (or **bulk-fuel carrier**) is any person who, in Québec, transports fuel in a receptacle with a capacity of over 200 litres, other than fuel contained in a fuel tank installed as standard equipment for supplying the engine of a vehicle. However,

2. The term “service station” is used to describe an establishment where fuel is sold at retail and dispensed directly from a pump connected to an underground reservoir into the tank of a motor vehicle.



you are not considered to be a bulk-fuel carrier if the fuel you transport in Québec is exclusively for your own use and is transported in a vehicle, in receptacles whose total capacity does not exceed 2,000 litres.

In order to obtain the permit or permits you need to carry out certain commercial activities, you must **file a permit application** (form LM-1.CT-V). A document containing the address of each of the establishments that you wish to operate (or to have operated by a third party) must be enclosed with the application.

If you acquire an establishment, you must notify the Ministère, giving your name and address, the address of the establishment, and the name and address of the person from whom you acquire the establishment. You must also advise the Ministère if you dispose of an establishment, providing your name and address, the address of the establishment, and the name and address of the person who acquires the establishment. It is important to state your name and registration number in all correspondence with the Ministère.

A permit is **valid for two years**, and is **renewed automatically** at the end of the two-year period unless you have not fulfilled all of your obligations towards the Ministère. If you do not have a residence or establishment in Québec, the Ministère can issue you a temporary permit, which is valid for six months and can be renewed on request.

Persons who do not have a residence or establishment in Québec must designate an agent who resides in Québec. When filing a permit application, they must enclose a document from the agent, attesting to the designation and indicating the agent's address.

You must **post your permit or permits** inside your principal place of business. If you operate other establishments (or have other establishments operated by a third party), you must also post a copy of the permit or permits in each of these establishments. If you hold a bulk-fuel carrier's permit, you are required to keep a copy of the permit in each vehicle used for transporting bulk fuel.

Registration certificates and permits cannot be transferred or loaned, and they are valid only for the activity named.



Security

If you do not have a residence or establishment in Québec and wish to apply for a permit, the Minister of Revenue may require that you provide security.

Security may also be required if you have been convicted of a fiscal offence in the five-year period preceding the date of your permit application, have a debt to the Ministère, or have not filed all of the required returns.

Finally, security may be required if the Minister considers that you cannot fulfil your obligations because of your financial situation.

As a rule, the amount of security set by the Minister is based on the amounts that a person is likely to collect in the six-month period following the date on which security is required. However, the amount of security may also be based on the amounts that a person should have remitted in the six-month period prior to the date on which security is required.





Obligations of retail and wholesale dealers



Persons who, in Québec, make wholesale sales of fuel to a retailer must ensure that the retailer has a registration certificate, and that no suspension is in effect with respect to the retailer's commercial activities in the fuel sector. For their part, retailers whose certificate has been suspended are required to post the notice of suspension (or a copy of the notice) inside their establishment, in plain view.

Persons who, in Québec, make wholesale sales of fuel to another wholesaler must ensure that the latter has a collection officer's permit.

Both retailers and wholesalers must ensure that the persons from whom they purchase fuel in Québec (or from whom they take delivery of fuel) have a collection officer's permit.

You may be fined if you do business with a person who does not hold a registration certificate or the required permit, or whose certificate or permit has been suspended. Therefore, if you have reason to believe that someone with whom you do business is not complying with the provisions of the Fuel Tax Act, do not hesitate to contact an office of the Ministère.

If you purchase fuel from a wholesaler who does not have a collection officer's permit, you are required, even if you have paid the wholesaler an amount equal to the tax, to remit the amount in question to the Ministère.



Fuel tax



If you make retail sales of fuel, you are an agent of the Minister of Revenue and, as such, must collect fuel tax from the consumer at the time of the sale.

As a rule, you are not required to file a report with the Ministère concerning the fuel tax you collect, provided that, in conformity with the Fuel Tax Act, you paid your supplier an amount equal to the tax at the time you acquired the fuel. You do not, therefore, have to remit the amount in question to the Ministère. However, if you did not pay your supplier an amount equal to the tax, you must file a report with the Ministère no later than the last day of the month following the month in which the retail sale took place, and you must remit the amount in question to the Ministère at the same time. You are also required to file a report and remit an amount equal to the fuel tax if you bring fuel into Québec with the intention of selling it at retail, or if the amount of fuel tax you collect is higher than the amount you remitted to your supplier as an amount equal to the tax.

Special rules apply if you use a system for measuring fuel that is different from the system used by your supplier,³ and this results in a difference between the amount of fuel tax paid to your supplier and the amount collected at the time you sell the fuel at retail. In the event of such a difference, you must file a report with the Minister every three months, using prescribed form CAZ-13-V. If the quantity of fuel you sell at retail is greater than the quantity purchased from your supplier, because of the difference in measuring systems, you must remit the fuel tax owing (that is, the amount by which the fuel tax you collect exceeds the amount you paid your supplier) when you file form

3. This is the case, for example, if you calculate the volume of the fuel sold and delivered at the ambient temperature, whereas your supplier calculates the volume using a reference temperature of 15° Celsius.



CAZ-13-V. However, if the quantity of fuel you sell at retail is less than the quantity you purchased from your supplier (because of a difference in measuring systems), you may use form CAZ-13-V to claim a fuel tax refund.

If you make wholesale sales of fuel, you are an agent of the Minister of Revenue and, as such, are generally required to collect an amount equal to the fuel tax from every person to whom you sell or deliver fuel (or cause fuel to be delivered) in Québec. However, if the purchaser has entered into an agreement with the Minister pursuant to the Fuel Tax Act, the aforementioned requirement is subject to the terms and conditions of the agreement.

In addition, you must, by the last day of the month, file a report with the Ministère respecting the amount you collected or should have collected in the previous month. If you did not pay your supplier an amount equal to the fuel tax respecting the fuel sold during the period in question, you must remit the amount to the Ministère. If the amount you collected or should have collected is higher than the amount you remitted to your supplier respecting the fuel in question, you must remit the difference to the Ministère.

Finally, if there is a difference between the amount equal to the fuel tax that you remitted to your supplier and the amount you collected at the time of resale, and the difference is attributable to the fact that you and your supplier use different systems for measuring fuel,³ you must file a report with the Ministère, using prescribed form CA-10.3-V. If the quantity of fuel you resell is greater than the quantity purchased from your supplier, you must remit the amount owing (that is, the difference between the amount you collected as an amount equal to the fuel tax and the amount you paid your supplier) when you file form CA-10.3-V. However, if the quantity of fuel you resell is less than the quantity you purchased from your supplier, you may use form CA-10.3-V to claim a refund respecting the amount equal to the tax.

Note ● ● ● ● ● ● ● ●

The amount equal to the fuel tax must be indicated separately on every document attesting to the sale.



Railway locomotive

Persons who, in Québec, use coloured fuel oil to supply the engine of a railway locomotive must remit the applicable amount of fuel tax to the Ministère, unless they have already remitted the amount to their supplier. Prescribed form CAZ-15-V must be used to remit the tax.



Manifest or way-bill



If you transport bulk fuel in Québec, other than propane or natural gas, you must have a manifest or way-bill for each shipment. This requirement does not apply in the case of fuel transported by rail; nor does it apply if you are transporting coloured fuel oil in a tank with a capacity of 18,200 litres or less. The manifest or way-bill must be kept in each vehicle used for transporting fuel and must contain **all** of the following information:

- a sequential number (for example, 0001);
- the date on which the document was drawn up;
- the name and address of the person required to draw up the document and (if applicable) the number of the bulk-fuel carrier's permit held by the person;
- **where the carrier is a subcontractor**, the name, address and, if applicable, the permit number of the person who gave out the contract;

- the licence plate number of the vehicle used to transport the fuel;
- the name and address of the vendor and the purchaser of the shipment;
- the address at which the shipment is loaded, if the address is not the same as the vendor's address;
- the date of loading and the number of the document issued by the vendor to the carrier, stating the quantity of fuel loaded;
- the number of litres of fuel transported (according to product type);
- the address at which the shipment is unloaded, the date of unloading, and the number of litres of fuel (according to product type) unloaded at each place;
- the name and signature of the driver.

Fines may be imposed for non-compliance.

Important ● ● ● ● ● ● ● ●

A police officer or other person authorized by the Minister may, at any place and at any reasonable time, stop a vehicle for inspection and require the driver to produce the manifest or way-bill respecting the transportation of fuel. The officer or other authorized person may also ask to see the copy of the bulk-fuel carrier's permit, where applicable, and may measure the capacity of the fuel tank, examine the fuel being transported or the fuel used to supply the engine, and take the necessary fuel samples.

If the driver refuses to submit to the inspection or provide the documents requested, or if the driver has committed an offence, the officer or other authorized person may order that the vehicle not be moved until a judge makes a ruling with respect to the search or seizure of the vehicle.



Registers

Retail dealers, collection officers, importers, refiners, storers of bulk fuel and carriers of bulk fuel are required to maintain registers. As a rule, the registers must contain detailed information on the quantities of fuel respecting which a transaction is made.



International Fuel Tax Agreement

Québec is a party to the International Fuel Tax Agreement (IFTA). For further information about the agreement, you may consult the following publications: *Carriers and the International Fuel Tax Agreement* (IN-231-V) and *International Fuel Tax Agreement and Procedures Manual* (IN-322-V).





Fines

If you fail to comply with the provisions of the Fuel Tax Act, you may be fined. A fine of \$200 is provided for certain minor offences. For more serious offences, the fine varies from \$1,000 to \$100,000, and a prison term of up to two years may be imposed.

For example, a person who removes or destroys the colouring (or any other means of identification) used in coloured fuel oil is liable to a fine of a minimum of \$5,000 and a maximum of \$100,000, and may also be sentenced to a prison term. The same is true of a person who knowingly stores, sells, uses or transports, as non-coloured fuel oil, fuel oil whose colouring (or other means of identification) has been removed, destroyed or in any way altered.

If a retailer purchases fuel from a wholesaler who does not have a collection officer's permit, both parties are liable to a fine of at least \$2,000 per transaction.

A person who sells coloured fuel oil at a filling station may also be fined.



If you need more information, or wish to order additional copies of this publication, call one of our special telephone lines for enquiries concerning the QST.

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to serve you better*

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address: www.revenu.gouv.qc.ca

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