



## Fuel used by Railways in Ontario

- This bulletin is intended to advise railway operators in Ontario about the requirements for fuel use, registration and reporting under the *Fuel Tax Act* (FTA).
- This bulletin replaces Ontario Tax Bulletin FT 1-99 *Requirements for Railway Operators in Ontario under the Fuel Tax Act*.
- This bulletin provides general information and does not replace the law found in the *Fuel Tax Act* and its regulations.

### Background

**Railway Tax  
Rate is 4.5  
cents per litre**

The FTA imposes a tax on fuel used to propel railway equipment operated on rails in connection with a public transportation system in Ontario, at a rate of 4.5 cents per litre. A railway that engages in the commercial transportation of goods or passengers in Ontario is considered to be part of a public transportation system.

All provinces in Canada require railways that operate in more than one province to pay tax based on fuel used in their jurisdiction. Some provinces require the use of clear fuel in locomotives; others allow or require locomotives to use coloured fuel.

The differing provincial requirements can create operational difficulties for these railways.

In Ontario, the administrative practice to allow either the use of coloured or clear fuel began in 1999. The FTA has been amended to support this practice. Interjurisdictional railway operators are required to register as an Interjurisdictional Railway Carrier under the FTA.

### Changes to the FTA introduced by the *Budget Measures and Interim Appropriation Act, 2008 (No.2), S.O. 2008, c. 19*

**Either coloured  
or clear fuel  
may be used  
for railways**

Effective November 27, 2008, the FTA allows for the use of either coloured or clear fuel in railway locomotives. The provision which prohibited coloured fuel use for railway propulsion was revoked.

**Same tax rate  
applies**

Whichever fuel is used, tax at the rate of 4.5 cents per litre must be remitted by the railway operator with its Fuel Tax Railway Return – FT826.

**Who must  
register**

All railways operated in Ontario as part of a public transportation system must register with the Ministry of Revenue as a Registered Consumer. As a Registered Consumer, a railway will be issued a Fuel Acquisition Permit entitling it to purchase clear fuel exempt of tax. The majority of Ontario railways already hold this registration.

A railway that operates outside as well as inside Ontario will continue to be registered as an Interjurisdictional Carrier in addition to being registered as a Registered Consumer.

## Reporting and Remitting

All railways are required to report all fuel used, whether clear or coloured, on a Fuel Tax Railway Return – FT826. The return, together with the tax payable, is due on or before the 25<sup>th</sup> day of the following month, with respect to any month in which the railway purchased or used fuel for railway propulsion.

The return and tax payable must be delivered to the Ministry of Revenue, Client Accounts and Services Branch at the address below. The same return will be used by railways registered as a Registered Consumer only, and those also registered as Interjurisdictional Carriers. A separate Fuel Acquisition Permit Return will no longer be required by railways.

## Penalties and Offences

If a Registered Consumer contravenes a condition or limitation of a Fuel Acquisition Permit, fails to deliver a return, fails to complete the information required in a return, or fails to remit with the return the tax payable, the consumer is liable to a fine on conviction, and/or assessed penalties.

## Additional Information

If this bulletin does not completely address your particular situation, refer to the *Fuel Tax Act* and related regulations. To obtain further information, contact the:

Ministry of Revenue  
Client Accounts and Services Branch  
Motor Fuels and Tobacco Tax  
33 King Street West  
PO Box 625  
Oshawa ON L1H 8H9

Telephone: 1 866 ONT-TAXS (1 866 668-8297)  
Fax: 905 433-5680  
Teletypewriter (TTY): 1 800 263-7776

This bulletin and various other English and French tax materials published by the Ministry of Revenue are available online at [ontario.ca/revenue](http://ontario.ca/revenue).

The *Fuel Tax Act* and Ontario's other public statutes and regulations are available online at [ontario.ca/e-laws](http://ontario.ca/e-laws).

*Cette publication est disponible en français sous le titre « Utilisation de carburant par les transporteurs ferroviaires en Ontario ». Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant [ontario.ca/revenu](http://ontario.ca/revenu).*

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