



## Reporting Requirements for Exchanges of Product under the *Fuel Tax Act* and the *Gasoline Tax Act*

This bulletin was revised June 2008 to incorporate formatting changes and changes in ministry name and contact information only.

- This bulletin clarifies the treatment of exchanges of product between Collectors and Non-Collectors. For the purpose of this bulletin, “product” includes clear fuel, gasoline, aviation fuel and propane.
- This bulletin also clarifies the term “sells” for purposes of the *Fuel Tax Act* and the *Gasoline Tax Act*.
- This bulletin provides general information. It is not exhaustive and should not be considered as a substitute for the *Fuel Tax Act* and the *Gasoline Tax Act* and its regulations.

### General

Sales to Non-Collectors	Under the <i>Fuel Tax Act</i> (FTA) and the <i>Gasoline Tax Act</i> (GTA), every collector or distributor must collect the tax imposed by the Act from everyone to whom they <b>sell</b> product.
Sales to Collectors	Under the FTA and the GTA respectively, a collector is not required to collect tax on the <b>sale</b> of product to another collector, provided the other collector does not use the product for its own use.

### Sales Include Product Exchanges

Interpretation of “sells”	<p>For the purposes of the application of the FTA and the GTA, the ministry considers a <b>sale</b> to include the exchange of product for money or other valuable consideration. Other valuable consideration includes the granting of the right to the seller to receive product back from the purchaser at the time of delivery or at a later date.</p> <p>An arrangement under which two or more parties agree to allow product to be lifted from their respective terminals or other distribution facilities constitutes a purchase and sale of product. The purchase and the sale occur when the product is taken from the terminal or other distribution facility. The arrangement is often referred to as a product swap or exchange.</p> <p>Accordingly, the term “sells” includes situations in which a collector or distributor, under the provisions of a product exchange arrangement, allows product to be lifted from its terminal or other distribution facility.</p>
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## Reporting of Product Exchanges

**Collector to Collector Product Exchanges** Collectors exchanging product with other collectors are not required to collect the tax (unless the purchasing collector receives the product for its own use). In these instances, collectors must report on their monthly return tax exempt sales when the product is transferred to another collector, and tax exempt purchases when product is received from another collector.

**Collector to Non-Collector Product Exchanges** In the case of a product exchange between a collector and a non-collector, the collector is required to collect and remit tax on the taxable product lifted by or delivered to the non-collector.

A collector receiving product by way of a product exchange with a non-collector is required to pay the tax to the non-collector and is entitled to claim a credit for tax already paid on the product by the non-collector. In this instance, the collector must report on their monthly return their tax paid purchase when the product is received, and may claim the credit on the same return.

## Additional Information

If this bulletin does not completely address your particular situation, refer to the Act and related regulations, or contact the:

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Teletypewriter (TTY): 1 800 263-7776

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

The *Fuel Tax Act* and the *Gasoline Tax Act* and Ontario's other public statutes and regulations may be obtained online at [www.e-laws.gov.on.ca](http://www.e-laws.gov.on.ca).

***Ce bulletin est disponible en français.***