

FT/GT 4-2000

---

**Power Takeoff Tax Refunds for  
Interjurisdictional Carriers Licenced  
under the International Fuel Tax Agreement (IFTA)**

---

Please note that the following forms, referenced in  
Ontario Tax Bulletin FT/GT 4-2000, have been replaced as noted:

Previous Form Name (referenced in Bulletin)	Current Form Name(s)
Application for Refund of Fuel Tax FT 850 (pg.1)	PTO Summary; and PTO 2
Application for Refund of Gasoline Tax GT 257 (pg.1)	PTO Summary; and PTO 1

---



## Power Takeoff Tax Refunds for Interjurisdictional Carriers Licenced under the International Fuel Tax Agreement (IFTA)

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

- This bulletin outlines the procedure for claiming a refund of the tax paid on clear fuel and gasoline used in Ontario to operate the power takeoff equipment of an interjurisdictional carrier licenced under IFTA.
- This bulletin provides general information. It is not exhaustive and should not be considered as a substitute for the *Fuel Tax Act* and *Gasoline Tax Act* and its regulations.

### Background

The *Fuel Tax Act* and the *Gasoline Tax Act* provide for refunds of the tax paid on the clear fuel and gasoline (both referred to as “fuel”) used in Ontario to operate the power takeoff (PTO) equipment of a motor vehicle, provided that the vehicle is not used for the transportation of passengers or for recreational purposes. In cases where a fuel meter measures the quantity of fuel supplied to PTO equipment, readings from this meter are used to calculate the tax refund amount. Otherwise, refund claimants calculate their PTO tax refund on the basis of Ministry-approved allowances derived from equipment manufacturers’ fuel consumption specifications.

Prior to January 1, 2001, PTO refund allowances to IFTA licenced carriers were limited by the amount of fuel purchased in Ontario as a percentage of the total amount of fuel purchased by the carrier during the claim period.

Effective January 1, 2001, PTO refund allowances to IFTA licenced carriers are limited by the proportion of distance travelled in Ontario to the total distance travelled during the claim period, whether or not the claimant has purchased fuel in Ontario. All PTO tax refund claims submitted after December 31, 2000 and all **unpaid** PTO tax refund claims submitted before January 1, 2001 will be considered under this new policy.

### Eligibility

In order for a claimant to be eligible for a PTO tax refund, the following conditions apply:

- the PTO equipment must use fuel from the same fuel tank that supplies fuel to the engine propelling the vehicle (where the auxiliary equipment of a motor vehicle has its own separate fuel tank, coloured fuel should be used; no refund is available if clear fuel is used);
- the power from the PTO equipment is not used to propel the vehicle on a highway;
- the vehicle is not used for the transportation of passengers or for the pleasure or recreation of the owner or operator;

- tax has been paid in respect of fuel consumed in Ontario as reported on the claimant's IFTA Quarterly Tax Return(s); and
- the refund application must be filed within the designated time period. (See [page 3](#), "Time Limitation")

## Requirements

In order to claim a refund, claimants must:

- complete and submit an Application for Refund of Fuel Tax - FT 850 to claim a refund in respect of clear fuel PTO usage; or an Application for Refund of Gasoline Tax - GT 257 in respect of gasoline PTO usage;
- submit, with their refund application, a copy of their IFTA Quarterly Tax Return for the period(s) covered in the refund claim along with a Summary Worksheet showing the claimant's calculation of PTO refundable consumption; and
- maintain supporting documents and records, such as invoices of purchases, for a period of seven years for audit purposes.

**Important:** If a refund claimant misrepresents a material fact on or in connection with a refund application or on a supporting invoice, the Minister of Revenue may, in addition to denying all or any part of a refund claimed through the use of the application, impose a penalty equal to the refund denied.

## Calculation of Refund

IFTA licenced carriers may calculate their PTO tax refund as follows:

1. Using a metering device or an Ontario Ministry of Revenue-approved PTO allowance, determine the amount of fuel consumed by PTO equipment in the Province of Ontario.

**Note:** Fuel consumed by PTO equipment in another jurisdiction does not qualify for a refund of Ontario tax.

2. For the relevant claim period, calculate the ratio of Ontario distance travelled to the total distance travelled in all jurisdictions as reported on the claimant's IFTA Quarterly Tax Return(s).
3. Multiply the ratio calculated in no. 2 above by the total amount of PTO fuel consumed in Ontario (as calculated in no. 1 above).
4. Multiply the result in no. 3 above by the applicable Ontario tax rate.

**Example:** For the reporting period October 1, 1999 to December 31, 1999, an IFTA licenced carrier reports a total distance of 10,000 km in all jurisdictions, of which 2000 km represents the distance travelled in Ontario. While in Ontario, the carrier uses fuel to operate PTO equipment. The tax rate on the fuel used is 14.3 cents per litre. The carrier calculates the Ontario PTO tax refund as follows:

1. In accordance with Ministry-approved PTO allowances, the carrier determines that 1000 litres of fuel were consumed by PTO equipment operated in Ontario.
2. The carrier establishes that the percentage of Ontario travel is 20% ( $2000 \text{ km}/10,000\text{km} = 20\%$ ).

3. The carrier multiplies the number of litres consumed in PTO operations in Ontario by the percentage of Ontario travel to arrive at an amount of 200 litres (1000 litres X 0.20 = 200 litres).
4. The carrier then multiplies the result in no. 3 above by the tax rate in the amount of 14.3 cents per litre to arrive at a PTO tax refund amount of \$28.60 (200 litres X \$0.143 = \$28.60).

### Time Limitation

PTO tax refund claims must be made within four years of the date when the tax for which a refund is sought was paid.

### Additional Information

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

Ministry of Revenue  
Client Accounts and Services Branch  
33 King Street West  
Oshawa, ON L1H 8H9

Tel.: 1 866 ONT-TAXS (1 866 668-8297)  
Fax: 905 436-4511  
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 *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.***

© Queen's Printer for Ontario, 2000