



First Nations Gasoline Retailers

Tax-Exempt Sale of Gasoline to First Nations Individuals on a Reserve

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

- This bulletin provides general information on the treatment of tax-exempt sales of gasoline to First Nations individuals on a reserve.
- This bulletin replaces Information Bulletin GTA-98-2.
- This bulletin provides general information. It is not exhaustive and should not be considered as a substitute for the *Gasoline Tax Act* and its regulations.

General

Rate of Tax and Exemption	Ontario legislation applies gasoline tax at a rate of 14.7 cents per litre of gasoline. Qualified First Nations individuals are exempt from paying this tax if they buy gasoline for personal use from an authorized service station located on a reserve.
Who Qualifies for the Exemption?	First Nations individuals registered under the <i>Indian Act</i> as "Status Indians" are entitled to purchase gasoline for their personal use exempt of tax, when purchasing from a Ministry of Revenue authorized service station located on a reserve. In certain circumstances, tax-exempt gasoline may be purchased from an authorized bulk distributor off the reserve, if the gasoline is delivered by the bulk distributor onto the reserve.
What is the Role of the Ministry of Revenue?	<p>The Ministry is committed to ensuring that qualified First Nations individuals can purchase tax-exempt gasoline according to the provisions of the <i>Gasoline Tax Act</i>. The ministry must also ensure that compliance measures are in place so that the exemption from payment of Ontario's gasoline tax is not granted to non-First Nations individuals who are not entitled to it.</p> <p>To promote compliance with the "personal use" requirement of the <i>Indian Act</i>, the Ministry of Revenue introduced a gasoline tax exemption program in 1974. Through this program, the Ministry provides each eligible First Nations individual with a Certificate of Exemption, commonly referred to as a gas card.</p>

Tax-Exempt Sale of Gasoline to First Nations Individuals on a Reserve

What Qualifies as a Tax-exempt Sale?	<p>All of the following conditions must be met for gasoline to be sold tax-exempt to First Nations individuals. The gasoline must be:</p> <ol style="list-style-type: none">a) purchased by the holder of a valid gas card;b) for the use of the purchaser and not for resale;
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- c) sold and delivered onto a reserve by a service station that has been authorized by the Ministry of Revenue (bulk sales);
- d) dispensed from the pump of an authorized service station on a reserve or delivered to the storage facility of a qualified First Nations individual on the reserve by an authorized bulk distributor located off the reserve.

What are the Procedures for Buying and Selling Tax-exempt Gasoline?

The procedures described below are to be followed for every purchase of tax-exempt gasoline by a First Nations individual from an authorized on-reserve service station.

Action Required of the Purchaser

- a) At the time of the purchase, the purchaser will present a gas card to the authorized service station in order that the card may be processed through an imprinter.
- b) Upon receipt of the gasoline, the purchaser will sign a tax-exempt voucher presented by the service station to confirm the quantity purchased and the amount of the tax exemption allowed.

Action Required of the Authorized Independent Retail Dealer and his or her Supplier

- a) When the purchaser presents a gas card for tax-exempt gasoline, the authorized service station operator will:
 - i) prepare a tax-exempt voucher (each voucher must cover only one sale); and
 - ii) collect or charge only the cost of the gasoline (not the gasoline tax).
- b) The following information must be on the voucher:
 - i) an imprint of the gas card;
 - ii) date of sale;
 - iii) service station's name;
 - iv) MFTT Reference Number as shown on the letter of authorization for the business location;
 - v) purchaser's vehicle license number. If there is no license plate on the vehicle, indicate snowmobile, unlicensed car, etc.;
 - vi) the total cost, number of litres, tax rate, tax amount and net cost to the First Nation's individual;
 - vii) the purchaser's signature.
- c) The service station will keep both copies of the tax-exempt voucher; the original (tissue) copy for record purposes and the duplicate for use when recovering or accounting for the tax exemption allowed.
- d) Do not destroy spoiled vouchers. Write "Nil" clearly on the face of all spoiled vouchers and forward them with completed vouchers.

Business Records Requirements for Authorized Bulk Supplier/Collector and Service Station Operators	<p>Section 16 of the <i>Gasoline Tax Act</i>, R.S.O. 1990, as amended, states that the Minister may require from any person, any books, letters, accounts, invoices, statements, financial or otherwise, or other documents, for any purpose related to the administration of this Act. It is necessary, therefore, for every service station operator and bulk supplier to make a complete accounting for tax on all gasoline handled and to make records available for inspection when required to do so by an auditor of the Ministry of Revenue. The Ministry may require that all records be made available at an off reserve location.</p>
How to Recover the Tax	<p>Service station operators purchase gasoline with Ontario gasoline tax included from their suppliers and sell the gasoline tax-exempt to qualified First Nations individuals. Service station operators are reimbursed the amount of tax exemption allowed to qualified First Nations individuals.</p> <p>All newly authorized service station operators are required to submit refund claims directly to the Ministry in order to ensure compliance with the requirements contained in the authorization letter. Once compliance has been established, these authorized dealers may apply to the Ministry of Revenue, in writing, for approval to submit their refund claims directly to their supplier for a credit.</p> <p>In addition, under subsection 28.1(4) of the <i>Gasoline Tax Act</i>, the Minister may require reserve retailers to apply directly to the Ministry for a refund, instead of claiming a credit from their suppliers.</p>
Procedures for an Authorized Service Station Operator	<p>a) Refund claims filed directly with the Ministry of Revenue</p> <ul style="list-style-type: none"> i) Complete a claim form, Application for Refund (Claim Summary - TES), Tax Exempt Sales/Export and Application for Refund, Gasoline Schedule 1 - TES. The forms are supplied to dealers with their letter of authorization; additional supplies are available as required from the Ministry of Revenue. ii) Attach the hard copy of all tax-exempt vouchers in bundles of 200 or less. Calculator tapes showing the total number of litres sold must be attached to each bundle. iii) Spoiled tax-exempt vouchers are marked "NIL" and attached to the claim with the other vouchers. iv) If the dealer operates more than one outlet, a separate claim will be required for tax-exempt vouchers issued at each location. v) The service station operator submits the claim along with supporting tax-exempt vouchers and purchase invoices. <p>b) Refund claims filed through the supplier</p> <ul style="list-style-type: none"> i) In order to claim through the supplier, the independent retail dealer must complete a claim form, Application for Refund (Claim Summary - TES), Tax Exempt Sales/Export and Application for Refund, Gasoline Schedule 1 - TES. These forms are supplied to service station owners with their letter of authorization; additional supplies are available as required from the Ministry of Revenue. ii) Include purchase invoices and attach the hard copy of all tax-exempt

vouchers in bundles of 200, or less. Calculator tapes showing the total number of litres sold must be attached to each bundle.

- iii) Spoiled tax-exempt vouchers are marked "NIL" and attached to the claim with the other vouchers.
 - iv) If the dealer operates more than one outlet, a separate claim will be required for tax-exempt vouchers issued at each location.
 - v) The bulk supplier will deduct an amount equal to the retail dealer's documented claim for reimbursement of gasoline tax paid from the cost of the next gasoline purchase (invoice).
 - vi) The supplier will then record the necessary information from the [Application for Refund \(Claim Summary - TES\)](#), [Tax Exempt Sales/Export](#) and [Application for Refund, Gasoline Schedule 1 - TES](#), and submit both forms to the Ministry of Revenue along with the gasoline sales invoices to the on-reserve retailer.
- c) Failure to comply with the above requirements may result in:
- i) The application and supporting documentation being returned to you for proper completion and resubmission;
 - ii) Denial of your application for refund of gasoline tax;
 - iii) The charging of a penalty equal to the amount of the claim for a refund of gasoline tax that was denied; and
 - iv) Cancellation of your authorization to sell gasoline exempt of tax to entitled First Nations individuals on a reserve.

Procedure for authorized bulk distributors located off the reserve who deliver gasoline tax exempt to First Nations individuals on the reserve

- 1) The bulk distributor may obtain reimbursement by forwarding to the Ministry of Revenue a completed [Application for Refund \(Claim Summary - TES\)](#), [Tax Exempt Sales/Export](#) and [Application for Refund, Gasoline Schedule 2 - TES](#), supporting Tax-Exempt Vouchers and purchase invoices from the supplier.
- 2) The Ministry of Revenue will review and process the claim and will arrange for a refund cheque to be forwarded to the bulk distributor.

Procedure to be followed by a Gasoline Tax Collector's Agent

- 1) Complete an [Application for Refund \(Claim Summary - TES\)](#), [Tax Exempt Sales/Export](#) and [Application for Refund, Gasoline Schedule 2 - TES](#). Supplies of this form are available, as required, from the Ministry of Revenue.
- 2) Attach to the form, the hard copy of all tax-exempt vouchers in bundles of 200 or less with the calculator tape.
- 3) Spoiled tax-exempt vouchers are marked "NIL" and attached to the claim with the other vouchers.

Procedure to be followed by a Gasoline Tax Collector

- 4) The gasoline tax collector's agent will forward the form, the hard copy of all tax-exempt vouchers and agent's purchase invoices to the gasoline tax collector under arrangements made between the agent and the collector.
- 1) The gasoline tax collector is requested to instruct agents to report tax-exempt vouchers accurately on the appropriate form, as described in the above paragraph titled "Procedure by a Gasoline Tax Collector's Agent".
- 2) The gasoline tax collector will calculate the litres shown on all forms received for the accounting period, and the cumulative total will be entered in the Tax Calculation section on line 8 of the Collector Gasoline Tax Return GT 66. The total litres will be entered on the front of the Collector Gasoline Tax Return GT 66, and will represent a credit in the calculation of taxable litres for the period. Alternatively, the gasoline tax collector will itemize all tax-exempt sales on Schedule FTG5 and the total litres will be entered on line 10 of the "Generic Fuel Collector Summary Form Gasoline and Related Products" form.
- 3) The forms and supporting copies of tax-exempt vouchers will be forwarded to the Ministry of Revenue.

Gasoline tax collectors shall account for tax-exempt sales by their agents, on their monthly [Application for Refund, Gasoline Schedule 2 - TES](#) (Tax-exempt sales to aboriginals) submitted to the Ministry of Revenue.

Verification of Claims

Service station operators are responsible for completing claim forms accurately, and supporting each claim with the hard copy of the tax-exempt vouchers issued for the claim period.

The supplier may accept the service station's claim at face value. However, it is suggested that the supplier multiply the total litres by the current tax rate for his or her own verification purposes.

The Ministry of Revenue will verify each claim, and will reconcile the supporting tax-exempt vouchers with the calculator tape. If a discrepancy on a service station's claim is noted, the Ministry will contact the operator before rejecting the claim, to allow the owner to provide additional information. Where satisfactory explanations are not provided, owners will be assessed the tax, interest and penalties as appropriate. Failure to pay the tax in the required time will result in the retail dealer or the collector's agent being required to submit future claims directly to the Ministry of Revenue, rather than through their supplier.

During the verification process, the Ministry staff will review claims and vouchers for accuracy and completeness, e.g., large, or unusual volume purchases based on vehicle type, invalid license plates for vehicles not owned by the card holder, and vouchers signed by persons other than gas card holders. The Ministry may contact retailers, suppliers, and purchasers for additional information.

If the quantity of gasoline purchased is greater than an amount that could reasonably fill a car or truck, the retailer will be asked to provide the phone number, and/or address of the purchaser. In addition, if a purchaser fills a boat, cans, or drums, the retailer must indicate "boat", "cans", or "drums" on the voucher. If large volumes of gasoline are purchased in a number of separate purchases, over short time periods by an individual, the ministry may require the service station to provide the telephone number of the purchaser in order to verify these purchases. If a customer intends to purchase gasoline in high volumes on a

regular basis, please call the telephone number listed below for further information.

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: 905 433 - 5680
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.

The *Gasoline Tax Act* and Ontario's other public statutes and regulations may be obtained online at www.e-laws.gov.on.ca.

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