

Highlights from the 2006 Ontario Budget

Gasoline Tax Act *Land Transfer Tax Act* *Tobacco Tax Act*

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

The *Budget Measures Act, 2006* (c.9, S.O. 2006) received Royal Assent on May 18, 2006. It included a number of measures relating to the above noted statutes. The information in this bulletin does not replace the law found in the statutes.

Gasoline Tax Act

To support the production of ethanol in the province, the *Gasoline Tax Act* has been amended to remove the exclusion of ethanol from the definition of "gasoline". While the amendments are effective May 18, 2006, the revised definition as it relates to ethanol will coincide with the implementation of the Renewable Fuels Standard (RFS), when Ontario's gasoline-ethanol content requirements become mandatory.

Ontario Regulation 535/05 made under the *Environmental Protection Act* sets out ethanol content requirements under the RFS and is to be effective January 1, 2007. On that date, ethanol would therefore be treated the same as gasoline and be subject to the 14.7 cents per litre gasoline tax. Please refer to [Tax Bulletin GT 1-2006 Requirements for Producers, Blenders, Importers, Exporters and Interjurisdictional Transporters of Ethanol](#) for further details on the application of gasoline tax to ethanol.

Land Transfer Tax Act

The Act provides for the deferral and cancellation of tax for unregistered transfers of land between affiliated corporations, subject to certain conditions, unless a transfer is registered. Court interpretation has resulted in certain transfers between affiliated corporations being viewed as exempt even if they are registered.

To reinforce the original intent of the provision, it is proposed that amendments be introduced to specify that if a document is:

- registered during the deferral period, the deferred tax would become payable, or
- registered after the deferred tax is cancelled, tax would be payable on the registration based on the earlier unregistered transfer of the beneficial ownership.

Amendments to the interpretation of the term 'affiliate' will also be proposed to clarify that it does not extend beyond specified criteria.

A bulletin providing further details will be issued following the introduction of any amendments.

Tobacco Tax Act

The amendments permit a reciprocal exchange of information with other governments and municipalities and their agencies, boards and commissions if the information is to be used by the recipient in the enforcement of an Act, regulation or by-law relating to or regulating the manufacture, distribution, export, import, storage, sale or advertisement for sale of tobacco. The effective date of these amendments is May 18, 2006.

For More Information

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