

Tax Information**Bulletin 5044**

Bulletin: 5044 R6
Date: May 30, 2018
Subject: Boats, Vessels or Ships Used for Commercial Shipping Purposes, Commercial Purposes, Commercial Fishing or Pleasure and the Gasoline and Diesel Oil Tax

This Bulletin provides information on the application of Gasoline and Diesel Oil Tax as it applies to purchases of gasoline and diesel oil by persons who operate boats, vessels and ships on a commercial or non-commercial basis.

Commercial Shipping (Tax Exempt)

Persons who purchase gasoline and diesel oil for use in boats, vessels or ships for commercial shipping purposes on a commercial basis may qualify for a fuel tax exemption.

Boats, vessels or ships that transport cargo, goods or materials may qualify as commercial shipping. A vessel used partly for commercial shipping purposes and partly for other commercial purposes (marine rate) must pay the marine rate on all fuel purchased and apply for a refund of fuel tax paid on the commercial shipping portion.

Fuel Pumped Directly into Fuel System of Boat, Vessel or Ship

Persons who operate commercial boats, vessels or ships solely for commercial shipping purposes may purchase tax-exempt clear gasoline or tax-exempt clear diesel oil under the following conditions:

- unmarked gasoline or unmarked diesel oil must be pumped directly from a bulk plant, bulk station, terminal or water borne refueling vessel into the fuel system of a commercial vessel used solely for commercial shipping purposes; **and**
- the ship's owner, ship's officer or ship's agent must provide a certification to the supplier that certifies the gasoline or diesel oil will only be used in a commercial vessel for commercial shipping purposes (See Commercial Shipping Certification on Page 5). **and**
- the certification must be maintained on file by the fuel supplier to support the tax exemption. There is no need to obtain a certification for each delivery of tax-exempt fuel in cases where the fuel supplier holds a current and valid certification from the purchaser, **or**
- a "Consumer's Exemption Permit" was issued to the operator of the boat, vessel or ship.

Fuel Delivered by Truck into Fuel System of Boat, Vessel or Ship

Persons who operate commercial boats, vessels or ships solely for commercial shipping purposes may purchase marked gasoline or marked diesel oil and arrange delivery by truck under the following conditions:

- marked gasoline or marked diesel oil is delivered directly into the fuel system of a commercial boat, vessel or ship used solely for commercial shipping purposes; **and**
- the marked gasoline or marked diesel oil is not stored by the purchaser prior to delivery to the boat, vessel or ship; **and**
- the ship's owner, ship's officer or ship's agent must provide a certification to the supplier that certifies the gasoline or diesel oil will only be used in a commercial vessel for commercial shipping purposes (See Commercial Shipping Certification on Page 5); **and**
- the certification must be maintained on file by the fuel supplier to support the tax exemption. There is no need to obtain a certification for each delivery of tax-exempt fuel in cases where the fuel supplier holds a current and valid certification from the purchaser, **or**
- a "Consumer's Exemption Permit" was issued to the operator of the boat, vessel or ship.

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Consumer's Exemption Permit

Commercial shippers who do not meet the qualifications for obtaining marked fuel without a Consumer's Exemption Permit (e.g. they store fuel on land) may obtain an application form for a Consumer's Exemption Permit by calling Service Nova Scotia or on our website (See [Application for Permit form](#)).

You may also apply for this permit online via the Nova Scotia's online service for business website (See [Online Permit Application](#)).

Upon approval of the application, a Consumer's Exemption Permit, which is renewable three years from date of issue, will be issued to a qualified applicant.

Additional information pertaining to the Consumer's Exemption Permit may be viewed on our website (See [Permit Information](#))

Federal Government Vessels

Vessels operated by the federal government qualify for fuel tax exemption as commercial shipping.

Examples of vessels that are operated by the federal government are as follows:

- National Defense Vessels (Canadian Forces Vessels)
- Transport Canada Vessels
- Fisheries & Oceans Canada Vessels (Includes Coast Guard)

RCMP Vessels

Vessels operated by the RCMP qualify for fuel tax exemption as commercial shipping.

Atlantic Pilotage Authority Vessels

Vessels operated by the Atlantic Pilotage Authority qualify for fuel tax exemption as commercial shipping.

Foreign Military Force Vessels

Vessels operated by foreign military forces qualify for fuel tax exemption as commercial shipping.

Examples of vessels that do not qualify for fuel tax exemption as commercial shipping:

- barges
- charter boats
- dredges
- diving boats
- diving tenders
- drilling rigs
- boats used for salvage
- marine life excursion boats
- personal vessels and pleasure craft of any kind
- sightseeing boats
- tour boats
- vessels or machinery used in construction or repair of wharves or breakwaters
- marine work boats
- fishing vessels
- tug boats (used in ship support or recovery activities)

Tug boats designed and used solely to tow barges transporting cargo, goods or materials from port to port qualify as commercial shipping. A tug boat that is used for both commercial shipping purposes and other commercial purposes (marine rate) must pay the marine tax rate and apply for a refund of the provincial fuel tax on the commercial shipping portion.

Commercial Purposes (Marine Tax Rate)

Persons who purchase gasoline and diesel oil for use in boats, vessels or ships for commercial purposes on a commercial basis, that are not tax-exempt as commercial shipping, may qualify for the marine tax rate which is currently 1.1 cents per litre.

A vessel used partly for commercial purposes and partly for non-commercial purposes must pay the full tax rate on all fuel purchased and apply for a refund of the fuel tax paid on the commercial purposes (marine rate) portion.

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Persons who operate commercial boats, vessels or ships solely for commercial purposes may purchase gasoline or diesel oil at the marine tax rate under the following conditions:

- clear gasoline or diesel oil is delivered directly into the fuel system of a commercial boat, vessel or ship used solely for commercial purposes; **and**
- clear gasoline or diesel oil is not stored by the purchaser prior to delivery to the boat, vessel or ship; **and**
- the ship's owner, ship's officer or ship's agent must provide a certification to the supplier that certifies the gasoline or diesel oil will only be used in a commercial vessel for commercial purposes (See Marine Tax Rate Certification on Page 5); **and**
- the certification must be maintained on file by the fuel supplier to support the marine tax rate. There is no need to obtain a certification for each delivery of fuel in cases where the fuel supplier holds a current and valid certification from the purchaser; **or**
- a "Marine Tax Rate Authorization Letter" or "Consumer's Exemption Permit" was issued to the operator of the boat, vessel or ship.

Marine Tax Rate Authorization Letter and Consumer's Exemption Permit

Persons who operate commercial boats, vessels or ships solely for commercial purposes may obtain a marine tax rate authorization letter or a consumer's exemption permit to purchase fuel at the marine tax rate, by calling Service Nova Scotia or on our website (See [Application for Permit form](#)).

- a "Marine Tax Rate Authorization Letter" which allows the purchase of clear fuel delivered directly into the fuel system of the boat, vessel or ship at the marine rate, or
- a "Consumer's Exemption Permit" which allows the storage of marked fuel purchased at the marine rate on land prior to fueling the boat, vessel or ship.

You may also apply for this permit online via the Nova Scotia's online service for business website (See [Online Permit Application](#)).

Upon approval of the application, a marine tax rate authorization letter or a consumer's exemption permit will be issued to a qualified applicant. The letter or permit is issued for a period of three years and is renewable.

Additional information pertaining to the marine tax rate authorization letter or consumer's exemption permit may be viewed on our website (See [Permit Information](#)).

Ships, vessels and boats used for various types of marine related work qualify for the marine tax rate.

Examples of vessels that qualify for the marine tax rate when used for commercial purposes:

- barges (propulsion system only)
- charter boats
- diving boats & tenders
- dredges
- drilling rigs (propulsion system only)
- boats used for salvage
- foreign operated fishing vessels
- marine work boats
- marine life excursion boats
- sightseeing boats
- tour boats
- tug boats (used in ship support or recovery activities)
- boats used in construction or repair of wharves or breakwaters

Examples of marine related work for which marine work boats may be utilized:

- pollution control such as containment of oil spills
- towing or pushing work boats, vessels or barges used in marine construction or repair activities
- bridge construction or repair
- dredging of harbours, streams or river bottoms
- work on waterway buoys or waterway navigational aids
- laying and installing underwater communication cable
- standby support vessel for drilling rig

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Personal Water Craft & Pleasure Boats

Persons who operate personal recreational boats and vessels for non-commercial purposes must pay the full tax rate for gasoline and diesel oil.

Fishing Vessels

Persons who operate boats and vessels in the commercial fishery may obtain a fuel tax exemption provided they hold a valid and current Consumer's Exemption Permit.

A commercial fisher may obtain an exemption from or refund of gasoline or diesel oil tax on purchases of gasoline and diesel oil for use in operating a fishing vessel, while the fishing vessel is being used for the purpose of fishing or harvesting of marine plants, provided that such fishing vessel is a Canadian fishing vessel or is leased to a Canadian corporation and lands its catch in Canada, or transfers all or part of its catch to another vessel while inside Canadian fisheries waters or to operate machinery and apparatus used in aquaculture.

Additional information for commercial fishers who purchase gasoline and diesel oil is outlined in Tax Information Guide 2001. This Guide is available at your nearest Access Nova Scotia office or by calling Service Nova Scotia or on our website (See [Guide 2001](#)).

Refund of Gasoline or Diesel Oil Tax

In cases where the incorrect fuel tax has been paid, you may obtain refund forms from your nearest Access Nova Scotia office or by calling Service Nova Scotia or on our website (See [Application Form](#)).

Commercial Shipping (Tax Exempt) Certification

CERTIFICATION To be completed by: **Ship's Owner, Ship's Officer or Ship's Agent**

I/we hereby certify that the gasoline/diesel oil purchased herein is to be used in the operation of a boat, ship or vessel engaged for "commercial shipping" as defined in clause 5(g) of the *Revenue Act Regulations*.

Name (print)	_____	Signature	_____
Position	_____	Date	_____
Name of Vessel	_____	Port of Registry	_____

Valid for Period of Three Years from Date of Signing Certificate.

If there is a change in ownership of the boat, ship or vessel, the certificate must be re-submitted.

Commercial Purposes (Marine Tax Rate) Certification

CERTIFICATION To be completed by: **Ship's Owner, Ship's Officer or Ship's Agent**

I/we hereby certify that the gasoline/diesel oil purchased herein is to be used in the operation of a boat, ship or vessel used solely for commercial purposes pursuant to subsection 6(4) of the *Revenue Act Regulations*.

Name (print)	_____	Signature	_____
Position	_____	Date	_____
Name of Vessel	_____	Port of Registry	_____

Valid for Period of Three Years from Date of Signing Certificate.

If there is a change in ownership of the boat, ship or vessel, the certificate must be re-submitted.