

## Tax Information

## Bulletin 5042

Bulletin: 5042 R4  
Date: May 29, 2023  
Subject: Registered Retailers Under the Nova Scotia Indian Fuel Tax Exemption Program

This Bulletin is intended for the use of service stations located on Nova Scotia reserves. It outlines the business requirements for providing a gasoline and diesel oil tax exemption under the Nova Scotia Indian Fuel Tax Exemption Program (NSIFTE). Please note that this exemption program does **not** apply to the harmonized sales tax (HST).

The purpose of the NSIFTE is to provide a provincial fuel tax exemption to persons/individuals who have status under the *Indian Act* for purchases of gasoline and diesel oil on reserve at the time of purchase. The benefit of this program is that it will allow persons/individuals who have status under the *Indian Act* registered under the NSIFTE to use their Nova Scotia Driver's Licence to obtain the exemption and the retailer to process it without the burden of processing detailed paper work at the time of sale.

### Who is eligible for the Nova Scotia Indian Fuel Tax Exemption Program?

Persons/individuals who have status under the *Indian Act*, as defined in the *Indian Act* (Canada), who hold a valid Nova Scotia driver's licence not under suspension may apply to join the Nova Scotia Indian Fuel Tax Exemption Program.

Persons/individuals who have status under the *Indian Act* who do not hold a valid Nova Scotia Driver's Licence or persons/individuals who have status under the *Indian Act* visiting from another province may apply for a refund of provincial fuel tax on gasoline or diesel purchased from [participating service stations located on Nova Scotia reserves](#). (See [Application Form](#))

Only invoices/receipts issued by a service station with an approved electronic point of sale system under the Nova Scotia Indian Fuel Tax Exemption Program are acceptable for refund purposes.

Incorporated entities located on or off a reserve are **not** eligible for the NSIFTE.

### How does a person/individual who has status under the *Indian Act* apply to join the Nova Scotia Indian Fuel Tax Exemption Program?

1. Applicants who belong to a Nova Scotia Band are required to submit an application to their Band Registrar along with their Nova Scotia Driver's Licence and their Certificate Of Indian Status Card. Application forms can be obtained from your nearest Access Nova Scotia office, at Band Council offices, at on-reserve service stations, by calling Service Nova Scotia or on our website (See [Application Form](#)).
2. The Band Registrar is required to certify the application and forward it to Service Nova Scotia.
3. Upon approval, Service Nova Scotia will notify the applicant. After this approval, the Driver's Licence may be used to obtain the tax exemption.

## How does a person/individual who has status under the *Indian Act* apply if they received a Temporary Confirmation of Registration Document?

1. Applicants who receive a Temporary Confirmation of Registration Document may apply to join the Nova Scotia Indian Fuel Tax Exemption Program using their Temporary Confirmation of Registration Document issued by Indigenous Services Canada.
2. You may bring your completed application form, your valid Nova Scotia Driver's Licence and your Temporary Confirmation of Registration Document to:
  - Your local Access Nova Scotia office during regular business hours;
  - or**
  - You may call 902-424-6717 to arrange for an appointment with the Nova Scotia Indian Fuel Tax Administrator, Maritime Centre, 6th Floor North, 1505 Barrington Street, Halifax, Nova Scotia.
3. Your Temporary Confirmation of Registration Document must be the original with the raised seal.
4. Upon approval, Service Nova Scotia will notify the applicant. After this approval, the Driver's Licence may be used to obtain the tax exemption.

## How does a retail service station apply to join the Nova Scotia Indian Fuel Tax Exemption Program?

1. In order to join the NSIFTE, a retailer of gasoline and/or diesel oil must be a registered vendor under the Revenue Act and located on a reserve in Nova Scotia.
2. A retailer who wishes to participate in the NSIFTEP is required to sign an agreement with the Provincial Tax Commissioner. Agreement forms are available from Service Nova Scotia.
3. The key provisions of the retailer agreement are as follows:
  - Conditions of Program
  - Refund and Audit
  - Confidentiality
  - Transaction Processing
  - Acquisition and Maintenance of Computer Hardware and Software
  - Conditions of Agreement

## Retailer processing of provincial fuel tax exempt sales to persons/individuals who have status under the *Indian Act*

Under the NSIFTE, an eligible person/individual who has status under the *Indian Act* must present their Nova Scotia driver's licence to a participating retailer to purchase provincial fuel tax exempt gasoline and diesel oil. The service station attendant will verify the picture on the licence and upon confirmation, swipe your licence or key-in the licence master number into the computer terminal. The information recorded on the licence is automatically checked against the information stored in the point of sale system. Upon validation of the licence, provincial fuel tax is deducted from the sale.

If a driver's licence has not been registered under the NSIFTE or it has been cancelled, suspended or has expired, an exemption will not be triggered by the system. Further, a driver's licence cannot be left with a retailer for future use and a person cannot use another person's driver's licence to make an exempt purchase.

The point of sale system automatically compares the quantity purchased with a consumer's accumulated month to date purchase. If the monthly base amount is exceeded, the exemption will not be triggered by the point of sale system.

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Fuel must not be sold to a person who intends to resell it. If as a retailer, you have reason to believe that a person intends to resell the product, you must refuse to make the sale. If you have made a fuel sale and you have knowledge that the product was resold by a customer, please contact Service Nova Scotia as soon as possible. Details of the transaction such as the name of the consumer, the consumer's driver's licence master number, the date of the purchase and the reason you believe the product was resold should be provided.

### **Retailer's recovery of tax on tax exempt fuel sales**

- Registered retailers must purchase fuel for resale purposes from a registered wholesaler who is required to collect the provincial fuel tax under the *Revenue Act*.
- Service Nova Scotia collects exempt sales information electronically from the retailer's point of sale system and generates a provincial fuel tax refund to the retailer based on this information.
- The retailer's point of sale system receives daily updates of driver's licence changes (including additions and deletions) and up to date exempt purchase totals of individual Driver's Licence holders.

### **Monthly base amount of tax exempt gasoline and diesel oil**

Persons/individuals who have status under the *Indian Act* registered under this program may purchase up to 400 litres (base amount) of gasoline or diesel oil per month exempt of provincial fuel tax or a combination of these products up to the base amount. In cases where persons/individuals registered under this exemption program require an increase in the monthly exemption base amount, they may submit an application to Service Nova Scotia. Application forms for this request can be obtained from your nearest Access Nova Scotia office, at Band Council offices, by calling Service Nova Scotia or on our website (See [Application Form](#)).

In the case of a person who has reached the base amount before the end of a particular month, the point of sale system will not provide a provincial fuel tax exemption beyond the base amount. In such a case, the person may submit a refund claim for the provincial fuel tax paid. If an increase to the base amount is required for the future, then an application may be filed as indicated above.

### **What if a driver's licence is rejected by the point of sale system?**

If a person/individual who has status under the *Indian Act* registered under the NSIFTE presents their Nova Scotia driver's licence and the point of sale system rejects the tax exemption, Service Nova Scotia may be contacted at 902-424-6717 to determine the reason for the rejection.

## Penalty for violations of the Nova Scotia Indian Fuel Tax Exemption Program

Persons who participate in any activities that are not permitted under the NSIFTE and the *Revenue Act* may be subject to a fine.

A wholesaler or vendor who contravenes Part I of the *Revenue Act* is liable, on summary conviction, to a fine of:

- not less than \$1,500.00 for the first offence;
- not less than \$2,500.00 for the second offence;
- not less than \$5,000.00 for the third or subsequent offence;
- and**
- a fine equal to two times the amount of tax that should have been collected, remitted or paid as determined by the *Revenue Act*;
- or**
- to imprisonment for a term not exceeding six months for a first offence; or
- to imprisonment for a term not exceeding one year for a second or subsequent offence;
- or**
- to both fine and imprisonment.

A person who sells gasoline or diesel oil to a vendor or a purchaser without holding a permit as required under the *Revenue Act Regulations* is liable, on summary conviction, to a fine of:

- not less than \$1,500.00 for a first offence;
- not less than \$2,500.00 for a second offence;
- not less than \$5,000.00 for a third offence;
- and**
- a fine equal to two times the amount of tax that should have been collected, remitted or paid as determined by the *Revenue Act*;
- or**
- to imprisonment for a term not exceeding one year;
- or**
- to both fine and imprisonment.