

Tax Information

Guide 2002

Guide: 2002
Date: September 10, 2015
Subject: Purchases of Gasoline, Diesel Oil and Propane by Commercial Farmers

The purpose of this guide is to provide direction on the application of gasoline, diesel oil and propane tax as it applies to purchases of gasoline, diesel oil and propane by commercial farmers.

For the purposes of this Guide and the Revenue Act Regulations:

A "farmer" means a person who derives the lesser of 51% of gross revenue or ten thousand dollars in a taxation year from a commercial farming operation and is registered by the Department of Agriculture & Marketing as a bona fide farmer, and includes a co-operative corporation incorporated by or under a law of Canada or Nova Scotia providing for the establishment of the co-operative for the purpose of marketing, including processing incidental to or in connection with, natural products belonging to or acquired from its members or customers; and

A "commercial farming operation" means a farming activity which produces livestock, grain, forage crops, furs, honey, food or other agricultural products for sale.

A commercial farmer may obtain an exemption from or refund of gasoline, diesel oil or propane tax on purchases of gasoline, diesel oil and propane to operate machinery and apparatus used directly in a commercial farming operation.

Examples of machinery and apparatus that ordinarily are used in a commercial farming operation include:

- farm tractors,
- stand-by generators,
- irrigation pumps for vegetable and berry growers,
- manure spreaders,
- bob-cat loaders and skid-steer loaders for barn cleaning,
- power saws - for pruning orchards or harvesting farm woodlot products for sale,
- combine and threshing machines, and
- feed grinders and mixers.

Motor vehicles operated by a commercial farmer that consume gasoline, diesel oil or propane **do not qualify for an exemption** from gasoline, diesel oil or propane tax either by a Consumer's Exemption Permit or by way of refund. Motor vehicles are not exempt from fuel tax regardless of whether the motor vehicle is:

- registered or unregistered.
- driven on a highway or is driven only in an off-highway area.

Custom Work

Custom work performed by a farmer that is not part of a commercial farming operation is not eligible for fuel tax exemption or refund.

Examples of custom work done on a commercial basis that are not part of a commercial farming operation are:

- snowplowing of driveways and yards.
- mowing of grass along highways.
- bush cutting.

An excavator operated by a farmer in a commercial farming operation for ditching, land clearing, road construction or maintenance, land development or building construction is not eligible for fuel tax exemption or refund.

A farmer who conducts commercial farming activities on behalf of another farmer is eligible for fuel tax exemption or refund on the fuel consumed.

If a person who **is not a farmer** conducts commercial farming activities on behalf of a farmer, the person **is not eligible** for fuel tax exemption or refund on the fuel consumed.

Consumer's Exemption Permit

Commercial farmers may apply for a Consumer's Exemption Permit to obtain a fuel tax exemption at the time of purchase if the following criteria are met:

1. The machinery and apparatus is operated exclusively in a commercial farming operation.
2. The machinery and apparatus used in the commercial farming operation is not multi-use equipment operated for both taxable and tax-exempt usage.
3. The farmer is registered by the Department of Agriculture & Marketing as a bona fide farmer.
4. The farmer derives the lesser of 51% of gross revenue or ten thousand dollars in a taxation year from a commercial farming operation

To obtain an exemption at the time of purchase, the commercial farmer must complete and forward an exemption application form to purchase tax exempt marked gasoline, diesel oil or propane along with the applicable registration fee payable to the Minister of Finance.

Application forms for a Consumer's Exemption Permit can be obtained from your nearest Access Nova Scotia office or by calling Service Nova Scotia and Internal Services 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](#)).

Refund of Gasoline, Diesel Oil and Propane Tax

The refund method must be used by those commercial farmers who:

- purchase gasoline, diesel oil and propane tax only at the retail level, that is, from service stations;
- do not have storage tanks capable of holding the minimum wholesale delivery of 200 litres of gasoline or diesel oil from an oil company;
- do not have a sufficient number of storage tanks to store both clear (taxable) and marked (tax exempt) gasoline and/or diesel oil to fuel both qualifying (tax-exempt usage) and non-qualifying (taxable usage) equipment and machinery separately; or
- operate multi-use equipment for both taxable and tax-exempt usage.

In these situations, the commercial farmer should purchase gasoline, diesel oil and propane at the full tax rate and apply for a refund based on the percentage of tax-exempt usage.

To obtain a refund of gasoline, diesel oil and propane tax, the commercial farmer is required to complete a refund application form. There is no fee for this service.

An application for refund shall be filed for a period covering 12 months or when the amount claimable exceeds \$100.00.

An application for refund shall be made no later than 15 months from the date the gasoline or diesel oil was purchased.

Refund forms can be obtained from your nearest Access Nova Scotia office or by calling Service Nova Scotia and Internal Services or on our website (See [Application for Refund form](#)).

There is no exemption from gasoline, diesel oil or propane tax, either at the time of purchase or by way of refund on purchases by a commercial farmer for use:

- in repair or maintenance of any kind,
- in construction, including such things as road construction, land development, earth movement, and building construction,
- in the operation of any motor vehicle or motorized vehicle, including golf carts, dune buggies, go carts, all-terrain vehicles, snowmobiles and water recreational vehicles.