

Tax Information

Guide 2003

Guide: 2003 R8
Date: October 26, 2011
Subject: Purchases of Gasoline, Diesel Oil and Propane by Commercial Loggers

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 loggers.

A commercial logger may obtain an exemption from or a refund of gasoline, diesel oil or propane tax on purchases of gasoline, diesel oil and propane to operate machinery and apparatus used in the production or harvesting of forest products for sale.

Production or harvesting activities and the related machinery and apparatus used to carry out these exempt activities include:

- Harvesters, feller bunchers, processors, porters, forwarders, skidders, delimiters,
- chipper\debarkers, forestry farm tractors and power saws used to extract standing trees from the forest and to transport the trees to roadside as pulpwood, logs or chips for sale to lumber or pulp mills.
- Wood splitters used to process firewood for sale.

Note: Sawmills are not considered part of a logging operation. Sawmills are considered as manufacturing operations. For more information, see [Manufacturing Tax Guide](#).

Motor vehicles operated by a commercial logger 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.

Silviculture Treatments

Silviculture treatments are not eligible for fuel tax exemption or refund except for the treatments outlined in [Tax Information Bulletin 5021](#).

The following treatments are eligible for fuel tax exemption or refund under Bulletin 5021:

- Site preparation to allow for the planting of seedlings.
- Seeding and planting.
- Spraying of insecticides and weed control chemicals.

Silviculture treatments such as pre-commercial thinning may be eligible for fuel tax exemption or refund if it results in the production or harvesting of forest products for sale.

Consumer's Exemption Permit

Commercial loggers 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 are operated exclusively in the production or harvesting of forest products for sale.
2. The machinery and apparatus used in the production or harvesting of forest products for sale are not multi-use equipment operated for both taxable and tax-exempt usage.

To obtain an exemption at the time of purchase, the commercial logger must complete and forward an exemption application form to purchase tax-exempt marked gasoline or diesel oil 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 loggers who:

- purchase gasoline, diesel oil and propane 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 logger 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 or propane tax, the commercial logger 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](#)).

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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 logger for use:

- in repair or maintenance of any kind.
- in the salvaging of any goods or materials.
- 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-karts, all-terrain vehicles, snowmobiles and water recreational vehicles.