

Tax Information

Guide 2004

Guide: 2004
Date: April 26, 2018
Subject: Purchases of Gasoline, Diesel Oil and Propane by Manufacturers

The purpose of this guide is to provide direction on the application of gasoline, diesel oil and propane tax as it applies to the manufacture or production of goods for sale.

For purposes of this guide and the *Revenue Act* Regulations:

“Manufacture or production” means the transformation or conversion of raw or prepared material into a different state or form from that in which the raw or prepared material originally existed as raw or prepared material, but does not include production or processing

“Production or processing” means exploration for, extraction of, or transformation or conversion of any non-renewable resource.

“Non-renewable resource” means any naturally occurring inorganic substance, and includes coal, bituminous shales and other stratified deposits from which oil can be extracted by destructive distillation and includes petroleum.

A manufacturer 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 in the manufacture or production of goods for sale.

In order for machinery or apparatus to qualify for exemption or refund, it must be used in an activity beginning with the removal of the raw material from raw material storage and ending with the placing of the finished product in finished goods storage.

A detailed guide on Fuel Tax Policy for Manufacturers can be obtained on our website (See [Manufacturer's Tax Guide](#)).

Motor vehicles operated by a manufacturer 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.

Consumer's Exemption Permit

Manufacturers 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 manufacture or production of goods for sale.
2. The machinery and apparatus used in the manufacture or production of goods 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 manufacturer 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 manufacturers 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 manufacturer 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 manufacturer 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 manufacturer for use:

- in the manufacture of asphalt or ready-mix concrete;
- in repair or maintenance of any kind;
- in the salvaging of any goods or materials;
- in oil exploration, production or processing;
- in construction, including such things as road construction, land development, earth movement and building construction;
- in the operation of any motor vehicle or any motorized vehicle, including golf carts, dune buggies, go-karts, all-terrain vehicles, snowmobiles and water recreational vehicles;
- in the operation of motor vehicles and machinery and apparatus used to construct and maintain logging roads;
- in the transportation in, receiving, handling and storage of raw materials prior to the start of manufacture or production;
- in the handling, holding and storage of goods for sale after manufacture or production and prior to transportation out;

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- in custom sawing, which means the service of sawing a customer's logs.

By definition, the production or processing of non-renewable resources is excluded from the exemption and refund provisions available for manufacture or production.