

Tax Information

Guide 2015

Guide: 2015
Date: April 26, 2018 (with effect from April 1, 2017)
Subject: Purchases of Fuel for Use in a Mine, Quarry or Pit Operation

The purpose of this Guide is to provide direction on the refund of tax paid on gasoline, diesel oil and propane (“fuel”) purchased for use in an eligible mining, quarry or pit operation.

1. Mining

To be eligible for the fuel tax refund, the purchaser must use the fuel to operate machinery and apparatus in carrying out eligible mining activities at a site that is subject to a valid **Mineral Lease** or **Non-Mineral Registration** issued under the *Mineral Resources Act*.

For the purposes of this Guide and the *Revenue Act Regulations*, “mining” includes a method of working whereby the soil, earth, rock, stone, mineral, gypsum, limestone or a mineral-bearing substance may be disturbed, whether previously disturbed or not, or removed, washed, sifted, roasted, smelted, refined, crushed, dissolved, precipitated, separated or dealt with for the purpose of obtaining a mineral, gypsum or limestone for sale or barter.

For machinery and apparatus used for both eligible and ineligible activities (mixed use), the refund is based on the percentage of eligible usage by the purchaser. The purchaser is required to track and support eligible use for each piece of machinery and apparatus, organized by site.

Depending on the nature of the mine operation, various mining activities are eligible for the refund. These include:

- The removal of overburden to access mine deposits.
- The drilling and blasting process.
- The extraction of ore.
- The crushing and screening of ore into a finished product.

2. Quarries and Pits

To be eligible for a refund of tax paid, the purchaser must use the fuel to operate machinery and apparatus in carrying out eligible quarry or pit activities at a site that is subject to a valid approval (an “**Operating Approval**”) issued under the *Environment Act* and the *Approval and Notification Procedures Regulations*.

For the purposes of this Guide and the *Revenue Act Regulations*, “quarry” means a ground disturbance or excavation that is made for the purpose of removing aggregate with the use of explosives. “Pit” means a ground disturbance or excavation that is greater than 2 hectares and that is made for the purpose of removing aggregate without the use of explosives.

For machinery and apparatus used for both eligible and ineligible activities (mixed use), the refund is based on the percentage of eligible usage by the purchaser. The purchaser is required to track and support eligible use for each piece of machinery and apparatus, organized by site.

Depending on the nature of the quarry or pit operation, various activities are eligible for the refund. These include:

- The removal of overburden to access the rock face in a quarry or the aggregate in a pit operation.
- The drilling and blasting process in a quarry.
- The extraction of blasted rock from the rock face of a quarry.
- The extraction of aggregate from the ground in a pit.
- The crushing and screening of rock from a quarry or aggregate from a pit into a finished product.

3. Machinery and Apparatus

Examples of off-road machinery and apparatus ordinarily used in carrying out eligible mining, quarry and pit activities include bulldozers, excavators, wheel loaders, haul trucks, backhoes, drilling rigs, compressors, rock crushers, screeners and conveyors.

Motor vehicles are **not eligible** for the fuel tax refund regardless of whether the motor vehicle is registered or unregistered, or the motor vehicle is driven on a highway or is driven only in an off-highway area.

4. Ineligible Activities

The following activities carried out in a mine, quarry or pit are not eligible for the fuel tax refund:

- Construction, including:
 - site preparation and site development; and
 - the building and maintenance of roads inside or outside of the mine, quarry or pit area.
- Exploration activities to identify new sites, including activities at a site that is subject to a valid exploration licence under the *Mineral Resources Act*.
- Site reclamation.
- Equipment maintenance.
- The operation of motor vehicles.
- Any method of working for the purpose of obtaining oil or natural gas.

5. Refund Process

To obtain a refund of fuel tax paid, a purchaser must complete a refund application form. There is no fee for this. A purchaser of fuel who is not the holder of the Mineral Lease/Non-Mineral Registration or Operating Approval must obtain the lease, registration or approval number from the holder before the refund may be processed. All information provided may be independently verified by our office.

A separate refund application must be submitted by the purchaser **for each site** that is subject to a Mineral Lease, Non-Mineral Registration or Operating Approval. Records must also be retained and organized by the purchaser by site for a period of at least 48 months following the refund application.

An application for refund should be filed for a period covering 12 months or when the amount claimable exceeds \$100.

An application for refund should be made no later than 15 months from the date the fuel was purchased.

Refund forms may 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](#)).

6. Quick Tips for Record Keeping

- Ensure that Mineral Lease, Non-Mineral Registration or Operating Approval numbers are obtained for each site at which eligible activities are performed.
- Organize records by site and by item of machinery and apparatus, with detail that includes the supplier(s) of fuel, the date(s) the fuel was purchased and used, and the percentage of eligible fuel use in mixed use equipment.
- Retain records for a period of at least 48 months following the application for refund.