

# Tax and Revenue Administration (TRA)

## *Fuel Tax Act*

### Information Circular FT-2

### Information for Direct Remitters, Fuel Sellers and Other Recipients

Issued: November 2022

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This information circular is intended to explain legislation and provide specific information. In the event of a discrepancy in interpretation between this information circular and the respective legislation, the legislation takes precedence.

The Government of Alberta recognizes that many First Nations people and communities in the province prefer not to describe themselves as Indians and bands. These terms have been used where necessary to reflect their legal meanings in the federal *Indian Act*.

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## Registration

1. To ensure that TRA knows the participants in Alberta's fuel distribution chain, a person who carries out any of the following activities is required to register with TRA:
  - produces or refines fuel,
  - operates a terminal or acts as a position holder within a terminal operated by another person,
  - sells fuel for the purpose of resale,
  - sells aviation fuel,
  - sells tax-exempt fuel (clear or marked),
  - marks fuel,
  - rebrands fuel (reclassifying a type of fuel, changing a taxable fuel to a non-taxable product, or changing a non-taxable product to a taxable fuel),
  - sells or removes fuel from a terminal or refinery,
  - imports fuel into Alberta for the purpose of resale,
  - exports fuel from Alberta in bulk (200 litres or more),
  - sells fuel dye for use in Alberta,
  - uses locomotive fuel in Alberta, or
  - sells in bulk (200 litres or more) any of bunker fuel, kerosene, methanol or condensate, or
  - uses (as a consumer) bunker fuel, kerosene, methanol or condensate to generate motive power in an internal combustion or turbine engine.

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2. In general, the persons required to register with TRA include recipients, direct remitters (including full direct remitters and activity-based direct remitters), fuel sellers and exempt-sale vendors. For definitions of these terms, as well as information on which fuels are taxed in Alberta in certain circumstances, refer to [Information Circular FT-1, Overview of the Alberta Fuel Tax Program](#).

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### ***How to Register***

3. A person who carries out one or more of the activities requiring registration must register with TRA using the online fuel tax registration process. New registrants must create an Alberta.ca Account and use it to access the 'Online Registration' section of the Tax and Revenue Administration Client Self-Service ([TRACS](#)) secure online portal. For additional information on registering under Alberta's Fuel Tax Program, including a how-to video and instruction guide, refer to the '[Fuel tax – Fuel sellers](#)' page of the Government of Alberta website.
4. Once a registration has been submitted, the applicant will receive a pending status notification and a reference number. TRA reviews all registration requests and may contact an applicant if additional information is required. If the registration is approved, the applicant will be notified by email that the approval letter is available in the respective [TRACS](#) account.
5. The approval letter will confirm the activities the applicant is permitted to carry out in Alberta.

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### ***Exceptions***

6. A fuel seller, such as a retail gas station, who sells only clear taxable fuel (other than aviation fuel) directly to consumers does not have to register with TRA.

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### ***Refusal to Register, Suspension or Cancellation***

7. TRA may refuse to register an applicant, or may suspend or cancel a registration, if the applicant or registrant
  - has contravened the *Fuel Tax Act* or Fuel Tax Regulation, another law of Alberta, or the law of another jurisdiction governing the collection and payment of tax, or
  - is not dealing at arm's length with a person whose registration has been refused, suspended or cancelled.
8. If a registration has been refused, suspended or cancelled, TRA will provide to the applicant or registrant a written notice of refusal, suspension or cancellation, including reasons for the action. If the applicant or registrant is not satisfied with TRA's decision, a notice of objection may be filed. For additional information on filing a Notice of Objection or instituting an appeal, refer to the 'Objections and Appeals' section of [Information Circular FT-3, Administration of the Alberta Fuel Tax Program](#).

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## Reporting and Remitting Fuel Tax

### *Full Direct Remitters*

9. A fuel transaction occurs when fuel is imported into Alberta, or when fuel is sold or removed from a refinery or fuel distribution facility designated as a terminal.
10. In general, a full direct remitter is required to report fuel transactions on the fuel tax return in [TRACS](#) for the calendar month in which the fuel was imported into Alberta, or was sold or removed from the refinery or terminal. Reportable transactions include litres of taxable fuel and litres of tax-exempt fuel sold partially or fully exempt from tax to certain eligible recipients.
11. A full direct remitter is also required to report through [TRACS](#) any fuel it owns that is rebranded by a fuel seller in a particular month. The rebrand is reported on the return if the fuel is rebranded from a lower fuel tax rate to a higher fuel tax rate, or a refund may be claimed when the fuel is rebranded from a higher fuel tax rate to a lower fuel tax rate.
12. A full direct remitter who removes fuel, other than liquefied petroleum gas (LPG), from a terminal should record the volumes of fuel temperature corrected to 15° Celsius.
13. Full direct remitters who sell fuel to each other report either the acquisition or the disposition of the fuel. No tax is remitted at the time a full direct remitter sells fuel to another full direct remitter or when fuel is imported to a refinery or fuel distribution facility designated as a terminal. However, a full direct remitter is required to report purchases from another full direct remitter in the respective monthly fuel tax return.

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### Clear Fuel

#### *Gasoline, Diesel and Other Fuels*

14. A full direct remitter is required to remit tax on clear gasoline, diesel, ethanol and biodiesel sold to a recipient (other than another full direct remitter), unless the recipient is eligible to purchase clear gasoline, diesel or one of these other fuels fully exempt from tax and provides evidence of such eligibility at the time of purchase. For additional information on fuel tax exemptions in respect of clear gasoline, diesel and other fuels, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

### *Aviation Fuel*

15. A full direct remitter is required to remit tax on aviation fuel sold to a recipient unless the recipient is eligible to purchase aviation fuel fully exempt from tax and provides proof of such eligibility at the time of purchase. For additional information on fuel tax exemptions in respect of aviation fuel, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

### *Prescribed Fuels*

16. A full direct remitter is not required to remit tax on bunker fuel, kerosene, methanol or condensate because such fuels are sold exclusive of tax. Instead, the consumer of these fuels, as an [activity-based direct remitter](#), is required to file a return and remit tax based on the volume of the fuel used for motive purposes in an internal combustion or turbine engine.

### *Locomotive Fuel*

17. A full direct remitter is not required to remit tax on locomotive fuel (clear diesel) sold fully exempt from tax to an eligible railway that provides evidence of eligibility at the time of purchase. A railway that purchases both tax-exempt locomotive fuel and tax-paid diesel is required to clearly communicate which type of fuel is being purchased so the full direct remitter may provide the exemption or charge (and remit) the tax, and accurately report the type of sale.

### *Exported Fuel*

18. A full direct remitter is permitted to sell clear fuel exclusive of tax to a purchaser who provides, at the time of sale, satisfactory documentation indicating that the fuel is destined for export outside Alberta. Examples of satisfactory documentation include bills of lading, U.S. Customs and Border Protection Entry Summary (Form 7501), contracts with a carrier to export fuel outside Alberta, shipping invoices showing details of the purchaser and fuel destination, pipeline reports showing that the fuel was loaded into a pipeline and the respective destination, or invoices that include a statement of the purchaser certifying that the fuel will be exported or used outside Alberta.
19. If a full direct remitter has remitted fuel tax to TRA in respect of fuel that is subsequently sold to a purchaser exclusive of tax, the full direct remitter should report the number of litres exported on the respective return through [TRACS](#) and claim an adjustment to recover the tax.

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## Marked Fuel

20. A full direct remitter may sell marked gasoline or diesel partially exempt from tax to:
  - a person registered with TRA to sell marked fuel for the purpose of resale, or
  - a consumer who is eligible to purchase marked fuel, if the consumer provides evidence of such eligibility at the time of purchase.
21. A full direct remitter who owns the marked fuel being sold is required to reconcile all purchases, inventory and dispositions of marked fuel.
22. A full direct remitter who sells marked fuel to an eligible consumer is required to provide the benefit of the partial exemption to the consumer. If the benefit of the exemption is not provided to a consumer who has duly provided evidence of their exemption, the full direct remitter may be held liable for the amount of the benefit not provided.
23. For additional information on Alberta's marked fuel program, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

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## ***Activity-Based Direct Remitters***

24. In general, an activity-based direct remitter is required to report fuel transactions specific to their activities using the respective schedule of the fuel tax return in [TRACS](#) for the calendar month in which a relevant activity occurred, for example, when the fuel is imported into Alberta, rebranded, or brought into Alberta and put into the fuel system of an internal combustion engine without first having been sold or resold in Alberta.

## Prescribed Fuels

25. A consumer is required to report and remit tax on the volume of bunker fuel, kerosene, methanol or condensate that was purchased exclusive of tax, but subsequently used to generate motive power in an internal combustion or turbine engine. The volume of one or more of these prescribed fuels used for motive purposes is reported using the respective schedule of the fuel tax return in [TRACS](#) for the calendar month in which the fuel was used for motive purposes on the basis that it was rebranded from a non-taxable product to a taxable fuel.

## Locomotive Fuel

26. A railway is permitted to purchase locomotive fuel (clear diesel) fully exempt from tax to operate a railway locomotive or to provide heat or light to attached railway cars, and is required to remit tax on the volume of locomotive fuel used in a particular calendar month. Fuel tax is payable on all locomotive fuel consumed in Alberta, whether the fuel was purchased in Alberta or outside Alberta.
27. A railway is permitted to use locomotive fuel only in railway locomotives. A railway that uses both tax-exempt locomotive fuel and tax-paid diesel (for example, to operate other vehicles or equipment) is required to clearly communicate to the fuel supplier which type of fuel is being purchased in order to enable the supplier to provide the exemption or charge the tax.
28. A railway that purchases tax-paid diesel and subsequently uses it in a railway locomotive may claim a refund of the tax on the respective volumes on the basis that the fuel was rebranded from a taxable to a non-taxable fuel. A refund claim must be submitted through [TRACS](#). For additional information on refunds, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

## Liquefied Petroleum Gas

29. In general, an LPG distributor (including a producer) is required to remit tax on LPG at the time it is sold to another person (such as a retailer) for resale to a consumer, or is sold or delivered into a dispensing system in Alberta that is used to dispense LPG for use as a motive fuel, unless the recipient is eligible to purchase LPG fully exempt from tax and provides proof of such eligibility at the time of purchase. For additional information on fuel tax exemptions in respect of LPG, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).
30. There are also other circumstances in which LPG is not taxable such that a distributor does not have to remit tax at the time of sale, for example, when a distributor sells LPG to another distributor. For additional information on the circumstances in which fuel tax is not payable on LPG, refer to the 'Taxation of Fuel' section of [Information Circular FT-1, Overview of the Alberta Fuel Tax Program](#).

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## ***Fuel Sellers***

### Clear Fuel

31. As explained below, a fuel seller normally purchases inventories of clear fuel with tax included, with the exception of bunker fuel, kerosene, methanol and condensate. The tax paid is then recovered by the fuel seller at the time the fuel is sold to the next entity in the fuel distribution chain, such as an end consumer.

32. A fuel seller who sells clear fuel that is owned by a full direct remitter at the time of sale does not report the sale, as the full direct remitter is responsible for doing so.
33. A fuel seller who rebrands fuel that it owns is required to report the rebrand through [TRACS](#) for the calendar month in which the fuel was rebranded. A return is required when fuel is rebranded from a lower fuel tax rate to a higher fuel tax rate, or a refund may be claimed when fuel is rebranded from a higher fuel tax rate to a lower fuel tax rate.

#### *Gasoline, Diesel and Other Fuels*

34. A fuel seller purchases inventories of clear gasoline, diesel, ethanol and biodiesel with fuel tax included. The tax paid is then recovered by the fuel seller at the time the gasoline, diesel or other fuel is sold to the next entity in the fuel distribution chain. A fuel seller who is registered as an exempt-sale vendor and sells tax-paid gasoline, diesel or other fuel fully exempt from tax to an eligible consumer may apply to TRA for a refund. A refund claim must be submitted through [TRACS](#). For additional information on fuel tax exemptions and refunds, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

#### *Aviation Fuel*

35. A fuel seller purchases inventories of aviation fuel with fuel tax included. The tax paid is then recovered by the fuel seller at the time the aviation fuel is sold to the next entity in the fuel distribution chain. A fuel seller who is registered as an exempt-sale vendor and sells tax-paid aviation fuel fully exempt from tax to an eligible consumer, such as a farmer or a foreign operator of a commercial air transport service, may apply to TRA for a refund. A refund claim must be submitted through [TRACS](#). For additional information on fuel tax exemptions and refunds, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

#### *Prescribed Fuels*

36. A fuel seller purchases and subsequently sells bunker fuel, kerosene, methanol and condensate exclusive of tax. A fuel seller is not required to remit tax on these fuels, but rather the consumer of these fuels, as an [activity-based direct remitter](#), is required to file a return and remit tax based on the volume of the fuel used for motive purposes in an internal combustion or turbine engine.

#### *Locomotive Fuel*

37. A fuel seller who sells tax-paid diesel to a railway for use in a railway locomotive may apply to TRA for a refund on the basis that the tax-paid diesel has been rebranded to non-taxable locomotive fuel. A refund claim should be submitted through [TRACS](#).



### *Exported Fuel*

38. A fuel seller is permitted to sell clear fuel that it owns exclusive of tax if the fuel seller delivers the fuel, or hires a carrier to deliver the fuel, to a purchaser outside Alberta. The fuel seller must obtain from the purchaser, at the time of sale, satisfactory documentation indicating that the fuel is destined for export outside Alberta. Examples of satisfactory documentation include bills of lading, U.S. Customs and Border Protection Entry Summary (Form 7501), contracts with a carrier to export fuel outside Alberta, shipping invoices showing details of the purchaser and fuel destination, pipeline reports showing that the fuel was loaded into a pipeline and the respective destination, or invoices that include a statement of the purchaser certifying that the fuel will be exported or used outside Alberta.
39. A fuel seller who has paid tax on fuel that is subsequently sold to a purchaser exclusive of Alberta tax may claim a refund of the tax paid through [TRACS](#). For additional information on fuel tax refunds, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

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### Marked Fuel

40. In general, a fuel seller purchases marked gasoline and diesel partially exempt from tax and sells it to persons who are authorized to possess marked fuel.
41. A fuel seller who is registered to sell marked fuel for the purpose of resale may sell it only to an exempt-sale vendor or to another fuel seller who is authorized to possess marked fuel. A fuel seller may sell marked fuel to a consumer only if the fuel seller is registered as an exempt-sale vendor and the consumer provides evidence of eligibility to purchase marked fuel partially exempt from tax at the time of purchase.
42. A fuel seller who sells marked fuel to an eligible consumer is required to provide the benefit of the partial exemption to the consumer. If the benefit of the exemption is not provided to a consumer who has duly provided evidence of their exemption, the fuel seller may be held liable for the amount of the benefit not provided.
43. A fuel seller who owns the marked fuel it sells is required to report all marked fuel sales through [TRACS](#) for the calendar month in which the marked fuel is sold. All marked fuel transactions must be submitted no later than 28 days after the end of the respective month. The fuel seller must also maintain an accurate balance of marked fuel inventory on hand at the end of each month.
44. A fuel seller who sells marked fuel that is owned by a full direct remitter at the time of sale does not report the sale, as the full direct remitter is responsible for doing so.

45. For additional information on Alberta's marked fuel program, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).

### **Exempt-Sale Vendors**

46. A direct remitter, fuel seller, or LPG retailer who is registered as an exempt-sale vendor is permitted to sell fuel partially or fully exempt from tax to an eligible person who provides proof of such eligibility at the time of purchase. Exempt-sale vendors who have paid tax on fuel that is subsequently sold exempt from tax may claim a refund of the tax paid. For additional information on fuel tax exemptions and refunds, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#). For information on fuel tax exemptions provided to eligible individuals or bands on a reserve in Alberta, refer to [Information Circular AITE-1, Alberta Indian Tax Exemption \(AITE\) Program](#).

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### **Tax Rate Changes**

47. In the event a fuel tax rate increases, each fuel seller and retailer is required to report the litres of the respective unsold fuel held in their inventory immediately before the tax rate increases and remit the tax differential to TRA.
48. In the event a fuel tax rate decreases, a fuel seller or retailer is entitled to report the litres of the respective unsold fuel held in their inventory immediately before the tax rate decreases and claim a refund of the tax differential from TRA. For additional information on refunds, refer to [Information Circular FT-4, Alberta Fuel Tax Exemptions, Refunds and Rebates](#).
49. Inventory declarations in respect of fuel tax rate changes must be submitted electronically using a 'Fuel Tax Online Inventory Declaration', which will be made available for each respective period, as needed, on the '[Fuel tax – Fuel sellers](#)' page of the Government of Alberta website.

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## **Deadlines for Filing Returns and Remitting Fuel Tax**

### **General Requirements**

50. In general, a fuel tax return must be
- submitted electronically through [TRACS](#) using the 'File a Return/Claim' feature,
  - received by TRA not later than 28 days following the end of each calendar month, and
  - submitted for each calendar month, whether or not activity occurred.

51. Remittances of fuel tax payable must be received by TRA not later than 28 days following the end of each calendar month.
52. For information on how to remit fuel tax to TRA, refer to the '[Making payments to Tax and Revenue Administration](#)' page of the Government of Alberta website.
53. If a remittance is late or insufficient, interest will be charged on the unpaid balance.

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### ***Exceptions***

54. Notwithstanding the general requirement that a return must be submitted whether or not activity occurred, an activity-based direct remitter who
  - uses bunker fuel, kerosene, methanol or condensate to generate motive power by means of an internal combustion or turbine engine, or
  - brings fuel into Alberta and puts the fuel into the fuel system of an internal combustion engine (other than a railway locomotive) without first having been sold or resold in Alberta,is not required to submit a return or remit tax for any month in which no activity has occurred.
55. An LPG distributor or producer may, by written request, seek TRA's permission to file returns and make remittances on a calendar quarterly basis. Once permission has been received, returns and remittances must be received by TRA not later than 28 days following the end of each calendar quarter. A change to quarterly reporting and remitting is binding for all future returns and remittances unless modified by a subsequent written request.
56. An inventory declaration in respect of a fuel tax rate increase must be submitted, and the tax differential remitted to TRA, within 30 days following the day on which the tax rate increases.

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### **Recordkeeping Requirements**

57. A person who sells fuel (other than bunker fuel, kerosene, methanol or condensate), including a person who sells fuel to a consumer, is required to keep complete and accurate records of
  - the number of litres of each type and grade of fuel purchased, refined or manufactured,
  - the number of litres of each type and grade of fuel sold,

- the number of litres of each type and grade of fuel, if any, used by the person for its own personal purposes,
  - the number of litres of each type and grade of fuel in inventory at the end of each month, and
  - other transactions in fuel showing separately the amount in litres of each type and grade of fuel.
58. A person who sells fuel is also required to keep complete and accurate records of the amount in litres of each type and grade of aviation fuel, LPG or marked fuel that the person produces, transfers to another seller, delivers outside Alberta, or marks. An LPG distributor is also required to keep complete and accurate records of totalizer readings.
59. A person who sells bunker fuel, kerosene, methanol or condensate is required to keep complete and accurate records of the number of litres of each type of fuel sold, and the purchasers of each type of fuel, including the number of litres of each type of fuel purchased by each purchaser.
60. A railway is required to keep complete and accurate records of
- its purchases of each type of fuel (tax-exempt locomotive fuel and tax-paid diesel),
  - its inventory of each type of fuel,
  - the distance travelled by each railway locomotive,
  - the number of litres of fuel used in each railway locomotive,
  - the number of litres of fuel used in Alberta by the railway in other vehicles and equipment, and
  - any other records relevant to establish the tax payable.
61. A person who sells fuel (including a person who sells bunker fuel, kerosene, methanol or condensate), as well as a railway, is required to retain its records for six years from the end of the calendar year in which the record was created.
62. A person, such as an activity-based direct remitter, who uses bunker fuel, kerosene, methanol or condensate to generate motive power in an internal combustion or turbine engine is required to keep complete and accurate records respecting the activities relating to the purchases and uses of the fuel, and engines in which the fuel was used. Such a person is required to retain its records for six years from the end of the calendar year in which the fuel was used.

63. All records are required to be kept at the person's place of business or residence in Alberta unless TRA has provided written permission for the records to be retained elsewhere.

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## Invoicing Requirements

64. A person (vendor) who sells taxable clear fuel in Alberta to a consumer, including direct remitters, fuel sellers and retailers must, in respect of each sale, prepare an invoice showing the name and address of the vendor, the date of sale, and the amount in litres of each type of fuel sold.
65. A vendor who sells tax-exempt fuel must, in respect of each sale, prepare an invoice showing the name and address of the vendor, the name of the purchaser, the date of sale, the amount in litres of each type of fuel sold, the total selling price of the fuel, and a statement that the selling price does not include fuel tax.
66. A fuel seller who sells fuel to someone who is not a consumer must, in respect of each sale, prepare an invoice or other documentation showing the name and address of the fuel seller, the name of the purchaser, the date of sale, the rate per litre of fuel tax included in the selling price or the amount of tax charged (or both), a statement that the fuel was sold exempt from tax (if applicable), and the amount in litres of each type of fuel sold.
67. When preparing an invoice in respect of tax-exempt fuel, a vendor or fuel seller should ensure that the name of the purchaser shown on the invoice is consistent with the name of the purchaser shown on the purchaser's fuel tax exemption certificate (including an Alberta Farm Fuel Benefit certificate issued to a farmer). If a purchaser has both a sole proprietorship and an incorporated business, both entities should have separate exemption certificates to purchase fuel for their respective businesses.
68. All vendors and fuel sellers are required to retain one copy of an invoice or other documentation (if applicable) and provide one copy to the purchaser of the fuel.

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## Contact Information and Useful Links

Email TRA:	<a href="mailto:TRA.Revenue@gov.ab.ca">TRA.Revenue@gov.ab.ca</a>
Visit our website:	<a href="http://tra.alberta.ca">tra.alberta.ca</a>
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