

Tax and Revenue Administration (TRA)

Carbon Levy Administration

Information Circular CL-T-4

Transportation Fuels – Refunds and Rebates

Last updated: December 19, 2016

NOTE: This information circular is intended to explain legislation and provide specific information. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this information circular and governing 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/Indian bands. These terms have been used where necessary to reflect their legal meaning in the federal *Indian Act*.

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- 1. Right-click on the form link, or on the "Please wait" page, and select "Save Link As" or "Save As", and save the form to your computer.*
- 2. Launch Adobe Reader.*
- 3. Open the PDF from within Adobe Reader. You can now fill and save your form.*
- 4. Note that forms cannot be emailed. Please print the form and then mail or fax it to TRA (see contact information below).*

Transportation Fuels – Refunds and Rebates

Index

- [Definitions](#)
- [Refund of Carbon Levy on Transportation Fuels](#)
- [Process for Application of Refund](#)
- [Process for Application of Refund for Bad Debt](#)
- [Rebate of Carbon Levy on Transportation Fuels](#)
- [Process for Application of Rebate](#)

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Note: for toll-free service in Alberta, call 310-0000, then enter the number.



Definitions

1. The term “transportation fuels” is not defined in the Act and the Regulation. It is a term used by TRA to represent fuels such as gasoline, diesel and propane used to generate power by means of an internal combustion or turbine engine for motive purposes as well as aviation gas, aviation jet fuel, and locomotive diesel and includes additives to those fuels. Propane used for heating purposes is not included in the definition of transportation fuels. Information specific to [aviation gas](#), [aviation jet fuel](#) and [locomotive diesel](#) are discussed in their own information circulars.
2. Where marked transportation fuels are discussed below, it does not include propane for motive purchases, as only marked gasoline and marked diesel are available for sale in Alberta.
3. Consistent with the fuel tax program, the applicant must satisfy TRA that marked fuel was not reasonably available as a result of either:
 - no bulk fuel dealer with marked fuel available for sale located within a 50-kilometre radius of the consumer; or
 - the fuel was being consumed in an operation where clear fuel must be used and there existed a legal restriction (e.g., zoning), prohibiting the consumer from having more than one storage tank.

[Back to Index](#)

Refund of the Carbon Levy on Transportation Fuels

4. Generally, a recipient other than a consumer will pay carbon levy on transportation fuel to the supplier who sells transportation fuel to the recipient, and recovers carbon levy paid from the purchaser who buys transportation fuel from the recipient.
5. A recipient who is not a consumer may apply to TRA for a refund or a credit for all or part of carbon levy paid by the recipient for transportation fuel in situations including:
 - when the recipient has paid carbon levy and one of the following circumstances has occurred:
 - transportation fuel was sold exempt from carbon levy to a holder of a carbon levy exemption certificate or other evidence of exemption (for more information on carbon levy exemptions and licences, please see [Information Circular CL-T-3, Transportation Fuels – Exemptions and Licences](#));

- transportation fuel was sold exempt from the carbon levy to a carbon levy licence holder;
 - transportation fuel was exported from Alberta in bulk;
 - a verifiable quantity of transportation fuel was stolen or destroyed;
 - transportation fuel was rebranded and the new carbon levy rate is lower than the carbon levy rate that applied to transportation fuel before it was rebranded;
 - transportation fuel was sold to a person that purchased transportation fuel on credit and all or a portion of the amount of the debt in respect of the sale is a bad debt;
 - the recipient remitted to TRA an amount of carbon levy that exceeded the amount that the recipient was required to remit when transportation fuel was sold; or
 - the recipient who purchased transportation fuel
 - remitted an amount of carbon levy that exceeded the amount that the recipient was required to pay to the person that sold the fuel to the recipient and is unable to recover the excess amount from the person that sold transportation fuel to the recipient;
 - is unable to sell transportation fuel due to contamination;
 - is unable to recover carbon levy paid on transportation fuel from the person that sold the fuel to the recipient; and
 - provides satisfactory evidence that transportation fuel was disposed of in a manner that did not contravene an enactment and did not involve combustion or venting.
6. A consumer may apply to TRA for a refund or a credit for all or part of carbon levy paid by the consumer for transportation fuel in situations including when:
- carbon levy paid by the consumer exceeded the amount the consumer was required to pay and the consumer is unable to recover the excess amount from the vendor;
 - the consumer purchased transportation fuel and the consumer
 - is unable to use the fuel due to contamination;
 - is unable to recover carbon levy paid on transportation fuel from the vendor; and

- provides satisfactory evidence to TRA that transportation fuel was disposed of in a manner that did not contravene an enactment and that did not involve combustion or venting;
- or;
- transportation fuel was rebranded and the carbon levy rate applicable to the transportation fuel after the rebranding is lower than the carbon levy rate that was applicable before the rebranding.
7. Where losses of transportation fuel are unverifiable, TRA may, on application by a recipient, provide a refund of all or part of the carbon levy paid by the recipient on lost transportation fuel.

[Back to Index](#)

Process for Application of Refund

8. Generally, an entity must register with TRA as a claimant before applying for a refund of carbon levy paid on transportation fuel. To register as a claimant with TRA, complete the appropriate Carbon Levy Claimant Registration form available on TRA's [Carbon Levy](#) website.

However, an entity that is already registered as a direct remitter with TRA does not need to register again as a claimant. For information on registering as a direct remitter, see [Information Circular CL-T-1, Transportation Fuels – Registration](#).

9. An application for a refund of carbon levy, other than a refund related to a bad debt, must:
- be made in the form and manner specified by TRA;
 - include the amount of carbon levy to be refunded; and
 - except for stolen or destroyed transportation fuel under paragraph 9, be received by TRA not later four years after the end of the calendar year in which the circumstance giving rise to a claim for a refund has occurred.
10. An application for a refund of carbon levy relating to transportation fuel that was stolen or destroyed must be received by TRA within one year after the date transportation fuel was stolen or destroyed.
11. On receipt of a refund application, TRA will review the application and may ask for additional information to determine the claimant's eligibility. Claimants are to maintain all invoices and any other records and documents required to prove the claim amount. Records relating to a refund must be kept for four years from the end of the calendar year in which the refund was paid.

12. If TRA determines that the claimant is entitled to a refund, TRA will pay the refund equal to the amount of carbon levy paid under the Act and the Regulation by the claimant, on the amount of transportation fuel eligible for a refund.
13. The amount of refund TRA may pay for transportation fuel, that was rebranded to a fuel with a lower carbon levy rate or to a substance that is not a fuel, is the difference between the carbon levy paid on transportation fuel before it was rebranded and the carbon levy, if any, payable on the fuel or substance after it was rebranded.
14. An application for a refund of carbon levy paid by an exempt-sale vendor for sales of transportation fuel exempt from the carbon levy to Indians and Indian bands must be made by following the existing [Alberta Indian Tax Exemption \(AITE\)](#) refund process. For more information on the existing AITE refund process, see [Information Circular AITE-3, Exemptions Under the AITE Program](#).
15. An application for a refund of carbon levy paid by an exempt-sale vendor for sales of marked fuel to farmers for farming operations in Alberta must be made by following the existing refund process using the Tax Exempt Fuel Sales (TEFS) system.
16. If TRA refuses in whole or in part an application for a refund or credit, TRA will give to the claimant a notice of disallowance specifying the amount of the disallowance and the reasons for it.

[Back to Index](#)

Process for Application of Refund for Bad Debt

17. The term “bad debt” means a debt owing by a purchaser to a recipient that the recipient has deducted in computing and reporting the recipient’s income for the current or a preceding taxation year for the purposes of the *Income Tax Act* (Canada).
18. An entity must register with TRA as a claimant before applying for a refund of carbon levy paid on transportation fuel for bad debt. To register as a claimant with TRA, complete the appropriate Carbon Levy Claimant Registration form available on TRA’s [Carbon Levy](#) website. However, an entity that is already registered as a direct remitter with TRA does not need to register as a claimant again. For information on registering as a direct remitter, [Information Circular CL-T-1, Transportation Fuels – Registration](#).
19. An application for a refund of carbon levy in respect of a bad debt must:
 - be made in the form and manner specified by TRA;
 - include the amount of carbon levy to be refunded; and

- be received by TRA within four years after the end of the taxation year in which the bad debt was deducted in computing and reporting the claimant's income for that taxation year.
20. On receipt of an application, TRA will review the application and may request additional information to determine the claimant's eligibility. Claimants are to maintain all invoices and any other records and documents required to prove the claim amount.
21. If TRA determines that the claimant is entitled to a refund, TRA will pay the refund in the amount determined in accordance with the formula:
- $A / B \times C$
- where
- A is the amount of the bad debt at the time of the application to a maximum of the amount of B;
- B is the original amount of the debt at the time of sale;
- C is the amount of carbon levy that was remitted or paid relating to the sale.
22. For the purposes of determining the amount of carbon levy owing in respect of a bad debt, at the time a claimant collects a portion of a debt owing by a purchaser to the claimant, the amount collected is deemed to include an amount of carbon levy proportionate to the amount of carbon levy in the debt immediately before the time of collection.
23. If a claimant subsequently collects full or partial payment in respect of a bad debt for which the claimant has received a refund of carbon levy, the claimant must repay to TRA the portion of the carbon levy refunded to the claimant determined in accordance with the formula:
- $A / B \times C$
- where
- A is the amount of debt collected to a maximum of the amount of B;
- B is the amount of the bad debt at the time of the application for a refund;
- C is the amount of the refund received from TRA.
24. For the purposes of determining the amount of the refund, if a claimant pays a fee to another person for the collection of accounts receivable on the claimant's behalf, the fee does not reduce the amount collected for the purposes of determining the claimant's bad debt with respect to those accounts receivable.

Rebate of Carbon Levy on Transportation Fuels

25. A consumer may apply to TRA for a rebate for all or part of carbon levy paid by the consumer on clear gasoline, clear diesel or propane for motive purposes in situations including when:
- the fuel was used by a country or state other than Canada, a political subdivision of that country or state, an agency of that country, state or political subdivision or an accredited person representing that country, state or political subdivision in Canada;
 - the fuel
 - was purchased at a location on a reserve or delivered to an address on reserve; and
 - was purchased for personal use by an Indian or for use by an Indian band;
 - the fuel was used by a consumer, other than an Indian or Indian band, for a purpose or use for which the consumer would have been entitled to purchase the fuel exempt from the carbon levy had the consumer provided a carbon levy exemption certificate or other evidence of exemption at the time the fuel was purchased;
 - the fuel was used by a member of the Diplomatic Corps listed in the current edition of Diplomatic, Consular and other Representatives in Canada, published by the Government of Canada;
 - the fuel was used in Alberta in circumstances in which the Act and the Regulation would have permitted the use of marked fuel, the consumer held a carbon levy exemption certificate entitling the consumer to purchase marked fuel at the time the fuel was purchased, and TRA is of the opinion that marked fuel was not reasonably available at the time the fuel was purchased; or
 - the fuel was used for farming operations in Alberta by a farmer licensed under the [International Fuel Tax Agreement](#) in a farm truck that is part of the farmer's fleet of qualified motor vehicles under the International Fuel Tax Agreement.
26. TRA may pay a rebate in respect of carbon levy paid on marked fuel if the fuel was used by a consumer for a purpose or use for which the consumer would have been entitled to purchase the fuel exempt from carbon levy, had the consumer provided a carbon levy exemption certificate or other evidence of exemption at the time the fuel was purchased.

27. TRA may also pay a rebate in respect of the carbon levy paid on marked fuel if the fuel was used by a consumer in the following situations:
- the marked fuel was used in the operation of a specified gas emitter if the emissions from the marked transportation fuel are direct emissions as defined in the Specified Gas Emitters Regulation; or
 - the marked fuel was used in an oil and gas production process before 2023.
28. TRA will not pay a refund for an amount of carbon levy paid if the recipient or the consumer is entitled to a rebate for the amount.

[Back to Index](#)

Process for Application of Rebate

29. To apply for a rebate of carbon levy paid on clear transportation fuel or for a rebate of carbon levy paid on marked transportation fuel, an entity must first register with TRA as a claimant. To register as a claimant with TRA, complete the appropriate Carbon Levy Claimant Registration form available on TRA's [Carbon Levy](#) website.
30. An application for a rebate of carbon levy must:
- be made in the form and manner specified by TRA;
 - include the amount of carbon levy to be refunded;
 - except for a rebate to an Indian or Indian Band under paragraph 34 and fuel used in a farm truck under the International Fuel Tax Agreement under paragraph 31, be in respect of each calendar quarter; and
 - be received by TRA not later four years after the end of the calendar year in which the fuel was purchased.
31. An application for a rebate of carbon levy for fuel used in farming operations in Alberta by a farmer licensed under the [International Fuel Tax Agreement](#) for a farm truck that is part of a farmer's fleet of qualified motor vehicles under the International Fuel Tax Agreement may not be made more frequently than every three months.
32. On receipt of an application, TRA will review the application and may request additional information to determine the claimant's entitlement. Claimants are to maintain all invoices and any other records and documents required to prove the claim amount.
33. If TRA determines that the claimant is entitled to a rebate, TRA will pay a rebate equal to the amount of carbon levy paid by the claimant on the amount of clear and/or marked fuel eligible for the rebate.

34. An application for a rebate by an Indian or an Indian band may be made at any time. In order to make an application for a rebate you must first register as a claimant with TRA using form [AT5133 – Indian or Indian Band Carbon Levy Claimant Registration](#).
35. If TRA refuses an application for a rebate in whole or in part, TRA will provide the claimant with a notice of disallowance specifying the disallowed amount and the reasons for the disallowance.

[Back to Index](#)

Contact Information and Useful Links

Contact Tax and Revenue Administration (TRA):	Email: TRA.CarbonLevy@gov.ab.ca
Visit our website:	tra.alberta.ca
Subscribe to receive email updates:	tra.alberta.ca/subscribe.html
TRA Client Self-Service (TRACS):	tra.alberta.ca/tracs