

# Tax and Revenue Administration (TRA)

## Fuel Tax Act

## Information Circular FT-6R1

## Tax Refunds

Last updated: February 9, 2017

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**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.

### **Trouble opening PDF forms?**

Fillable forms do not open on some mobile devices and web browsers. If the form doesn't open or you see a "please wait" message, follow these steps to complete and save fillable forms from TRA:

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).

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*.

This Information Circular explains the provisions for fuel tax refunds to recipients.

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- Website: [tra.alberta.ca](http://tra.alberta.ca)
- Phone: 780-427-3044
- Fax: 780-427-0348

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



- [Refund of Tax on Aviation Fuel Exported in Bulk and Used Outside Alberta by Consumers](#)
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## Refund of Tax

1. A recipient may apply to Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA), for a refund of all or part of the tax paid where the recipient paid the tax on fuel and one of the following situations arises on the tax-paid fuel.

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## Refund of Tax to Recipients other than Consumers

### *Sale of Fuel Exempt from Tax to Eligible Consumers*

2. Tax paid by a recipient other than a consumer may be refunded to the recipient if the recipient sells clear fuel exempt from tax to a consumer who, at the time of purchase, provides the recipient with a valid fuel tax exemption certificate or other evidence of exemption. Refunds for such tax exempt sales include the following:

#### *Sale to Indians or Indian Bands*

- a. The recipient sells the fuel exempt from tax to a consumer who is an Indian or Indian Band and who, at the time of purchase, provides the recipient with an Alberta Indian Tax Exemption (AITE) card issued by TRA or a card issued by the Treaty 7 Tribal Council to purchase fuel on a reserve, the Garden River Settlement or the Heart Lake property described in the Fuel Tax Regulations and within the time period specified.
- b. Indians and Indian bands in Alberta can purchase fuel exempt from the provincial tax when such purchases are made from registered exempt-sale vendors located on Alberta Indian reserves or from registered recipients who deliver to reserves. For further information about the AITE program, refer to the [AITE series of Information Circulars](#).

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#### *Sale to Armed Forces of another Country*

- c. The recipient sells the fuel exempt from tax to a consumer who is the armed forces of another country stationed in Alberta and who, at the time of purchase, provides the recipient with satisfactory documentation confirming that they are the armed forces of another country stationed in Alberta.

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### *Sale to the Government of Canada*

- d. The recipient sells the fuel tax exempt to a consumer who is the Government of Canada and who, at the time of purchase, provides the recipient with an exemption certificate in the following form:

This is to certify that the fuel ordered/purchased hereby is being purchased by

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*Name of Department, Agency or Corporation*

which is part of the Government of Canada or is a tax-free Government of Canada agency, and is therefore not subject to Alberta fuel tax.

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### *Sale to Foreign Operator of Air Transportation Service*

- e. The recipient sells the fuel exempt from tax to a consumer who is a foreign operator of an air transport service and who, at the time of purchase, provides the recipient with satisfactory documentation that the operator qualifies as a foreign operator under the *Aeronautics Act* (Canada) and is eligible to purchase aviation fuel exempt of federal excise tax. For more information, refer to [Information Circular AV-1, Aviation Fuel Tax - International Flights](#).

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### ***Other Circumstances for Refund of Tax***

3. Tax paid may also be refunded to recipients other than consumers under the following circumstances:
  - a. The recipient exported the fuel from Alberta in bulk and the fuel was used outside Alberta (refer to the Information Circulars [FT-11, Direct Remitters](#), and [FT-12, Fuel Sellers](#) for more information).
  - b. The fuel was re-branded to
    - a fuel with a lower or no tax rate, or
    - a non-taxable product.
  - c. A verifiable quantity of the fuel was stolen or destroyed. Examples include fuel destroyed in a natural disaster, accident or fire, or fuel lost due to tank rupture or theft.
  - d. The recipient paid, charged or remitted tax in error.

- e. The fuel could not be sold by the recipient due to contamination.
- f. Liquefied petroleum gas (LPG) was sold to a consumer from a system other than one used to dispense LPG for use as a motive fuel and was used for a purpose other than as a motive fuel.

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### **Bad Debt**

- 4. A refund of tax may be available if the recipient sold the fuel on credit and all or a portion or all of the debt for the sale is a bad debt. Only the tax relating to the portion of the debt that is uncollectible may be refunded.
  - a. For the debt to be classified a bad debt, the recipient must establish that the debt is uncollectible and that it was included in the recipient's income for the current or a preceding year under the *Income Tax Act* (Canada).
  - b. A debt will not be considered uncollectible unless the recipient has made all efforts to collect the debt that would reasonably be expected to be made by a creditor who is dealing at arm's length with a debtor, or, in the case of a bankruptcy or receivership of a debtor, has filed a claim with the trustee or receiver that identifies the amount of fuel tax owing shown separately.
  - c. A recipient will not be considered to have made all effort to collect the debt if the recipient continues to sell fuel on credit to the person after the recipient has established that the debt owing by that person has become uncollectible.

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### **Refund of Tax on Aviation Fuel Exported in Bulk and Used Outside Alberta by Consumers**

- 5. A consumer who pay tax on aviation fuel, export the fuel in bulk, and use the fuel outside Alberta may apply for a refund of the tax the consumer paid in Alberta.

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### **Process for Application of Refund**

- 6. To apply for a refund of fuel tax paid (other than a refund relating to tax-exempt sales of LPG and tax-exempt sales to Indians and Indian bands – see below), complete [“Independent Fuel Sellers - Fuel Tax Adjustments” \(form AT372\)](#).

This form is to be completed by independent fuel sellers that own their fuel to report all exports, rebrands of marked fuel, certain losses and to request a refund of the fuel tax paid.

Fuel tax losses may include bad debts, or contaminated, destroyed, or stolen

fuel. Attach invoices and any other records and documents to support the claim. and calculate the amount of fuel tax to be refunded.

You may also need to complete and attach additional forms, depending on the reason for the refund, including:

- Schedule 1 ([form AT332](#)) for fuel exports;
- Schedule 2 ([form AT333](#)) for other tax-exempt clear fuel sales;
- Schedule 3 ([form AT353](#)) for fuel tax losses; or
- Rebrand Notification ([form AT376](#)).

7. Refunds relating to tax-exempt sales of LPG must be made using the [TRA Client Self-service \(TRACS\) system](#).

For more information on filing a refund claim relating to LPG, refer to [Information Circular PRO-2, Tax Refunds to Propane Retailers for Tax-out Sales](#). In order to be eligible to make a refund claim, a propane retailer must be registered with TRA.

For more information on registration, refer to [Information Circular PRO-1, Overview of Fuel Tax on Liquid Petroleum Gas](#).

8. Refunds relating to tax paid by exempt-sale vendors in respect of tax-exempt sales of clear fuel to Indians and Indian bands must be made every calendar week using the Point of Sale (AITE Direct) system. TRA may also accept an application for a refund in an authorized paper form.

For more information on refunds related to tax-exempt sales to Indians and Indian bands, refer to [Information Circular AITE-3, Exemptions under the AITE Program](#).

9. An application for a refund of tax, other than a refund related to a bad debt and fuel that was stolen or destroyed, must be received by TRA not later than three years from the end of the year in which the circumstances giving rise to a claim for a refund has occurred.
10. An application for a refund of tax in respect of a bad debt must be received by TRA within 90 days after the earlier of the date the applicant received a notice of bankruptcy or notice of the appointment of a receiver, and the date that the debt was written off as a bad debt in the applicant's books of account.
11. An application for a refund of tax on fuel that was stolen or destroyed must be received by TRA within one year from the date the fuel was stolen or destroyed. The recipient must inform TRA of the loss immediately, unless the recipient sells fuel on behalf of a full direct remitter, in which case the recipient must inform the full direct remitter of the loss immediately.

12. On receipt of a refund application, TRA will review the application and may ask for additional information to determine the applicant's eligibility. Before any refund is made, TRA must be satisfied that the recipient has paid the tax. If TRA determines that the applicant is entitled to a refund, TRA will pay the refund in the amount determined by TRA. If TRA refuses an application for a refund, credit or allowance, in whole or in part, TRA will provide the applicant with a notice of disallowance specifying the disallowed amount and the reasons for disallowance.

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## Contact Information and Useful Links

<b>Contact Tax and Revenue Administration (TRA):</b>	Email: <a href="mailto:TRA.Revenue@gov.ab.ca">TRA.Revenue@gov.ab.ca</a>
<b>Visit our website:</b>	<a href="http://tra.alberta.ca">tra.alberta.ca</a>
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