

# Tax and Revenue Administration (TRA)

## Carbon Levy Administration

### Information Circular CL-AV-4

### Aviation Fuels – Refunds and Rebates

Last updated: December 22, 2016

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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).

## **Aviation Fuels – Refunds and Rebates**

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**TAX AND REVENUE ADMINISTRATION**  
9811 - 109 STREET, EDMONTON AB T5K 2L5

- Email: [TRA.CarbonLevy@gov.ab.ca](mailto:TRA.CarbonLevy@gov.ab.ca)
- Website: [tra.alberta.ca](http://tra.alberta.ca)
- Phone: 780-644-4300
- Fax: 780-644-4144

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



## Definition of Aviation Fuels

1. The term “aviation fuels” is not defined in the [Climate Leadership Act](#) (the Act) and [Regulation](#) (the Regulation). It is a term used by TRA to represent fuels such as aviation gas and aviation jet fuel.

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## Refund of Carbon Levy on Aviation Fuels

2. 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 the aviation fuel in situations including when:
  - the recipient has paid carbon levy; and
  - one of the following circumstances has occurred:
    - aviation fuel was sold exempt from carbon levy to a holder of a carbon levy exemption certificate (for more information on carbon levy exemptions and licences, please see [Information Circular CL-AV-3, Aviation Fuels – Exemptions and Licences](#));
    - aviation fuel was sold exempt from carbon levy to a carbon levy licence holder;
    - aviation fuel was exported from Alberta in bulk;
    - a verifiable quantity of aviation fuel was stolen or destroyed;
    - aviation fuel was rebranded and the carbon levy rate that applied to the aviation fuel after it was rebranded is lower than the carbon levy rate that applied to aviation fuel before it was rebranded;
  - the recipient who purchased aviation fuel:
    - is unable to sell aviation fuel due to contamination;
    - is unable to recover carbon levy paid on aviation fuel from the person that sold the fuel to the recipient; and
    - provides satisfactory evidence that aviation fuel was disposed of in a manner that did not contravene an enactment and did not involve combustion or venting;
  - a person that purchased aviation 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 who purchased aviation fuel:

- remitted an amount of carbon levy that exceeded the amount that the recipient was required to pay to the person that sold aviation fuel to the recipient; and
  - is unable to recover the excess amount from the person that sold aviation fuel to the recipient;
3. A consumer may apply to TRA for a refund or a credit for all or part of carbon levy paid by the consumer for aviation fuel in situations including when:
- aviation fuel was exported from Alberta in bulk;
  - 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 aviation fuel and the consumer
    - is unable to use aviation fuel due to contamination;
    - is unable to recover carbon levy paid on aviation fuel from the vendor; and
    - provides satisfactory evidence to TRA that aviation fuel was disposed of in a manner that did not contravene an enactment and that did not involve combustion or venting;
  - the consumer used aviation fuel for a flight or segment of a flight that was made for a commercial purpose
    - that departs from a location in Alberta if the first scheduled arrival on the flight is located outside of Alberta and the flight is made for a commercial purpose; or
    - that arrives at a location in Alberta if the flight is arriving from a location outside of Alberta; or
  - aviation fuel was rebranded and the carbon levy rate applicable to the aviation fuel after the rebranding is lower than the carbon levy rate that was applicable before the rebranding.

4. “Commercial purpose” in [paragraph 3](#) means the regular:
  - transport of members of the public or goods for a fee; or
  - provision of services for a fee.

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## Process for Application of Refund

5. Generally, an entity must register with TRA as a claimant before applying for a refund of carbon levy paid on the aviation 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-AV-1, Aviation Fuels - Registration, Payable, Filing and Remittance](#).

6. 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
  - be received by TRA not later than four years after the end of the calendar year in which the circumstance giving rise to a claim for a refund has occurred.
7. An application for a refund of carbon levy relating to aviation fuel that was stolen or destroyed must be received by TRA within one year after the date the aviation fuel was stolen or destroyed.
8. An application for a refund of carbon levy paid by a consumer of aviation fuel when the consumer used the aviation fuel for a flight or segment of a flight for commercial purposes as described in [paragraph 3](#) must be made in respect of each calendar quarter.
9. 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.

10. If TRA determines that the claimant is entitled to a refund, TRA will pay a refund equal to the amount of carbon levy paid under the Act by the claimant on the amount of aviation fuel eligible for a refund.
11. The amount of refund TRA may pay for aviation 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 the aviation fuel before it was rebranded and the carbon levy, if any, payable on the fuel or substance after it was rebranded.
12. Where losses of aviation fuel are unverifiable, TRA may, on application by a claimant, provide a refund of all or part of carbon levy paid by the claimant on lost aviation fuel.
13. 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.

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## Refund for Bad Debt and Application Process

14. “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 preceding taxation year for the purposes of the *Income Tax Act* (Canada).
15. Generally, an entity must register with TRA as a claimant before applying for a refund of carbon levy paid on the aviation 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 again as a claimant. For information on registering as a direct remitter, see [Information Circular CL-AV-1, Aviation Fuels - Registration, Payable, Filing and Remittance](#).

16. An application for a refund of carbon levy in respect for 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 4 years after the end of the taxation year in which the bad debt was deducted in computing and reporting the claimant’s income for the current or a preceding taxation year for the purposes of the *Income Tax Act* (Canada).
17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

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## Rebate of Carbon Levy on Aviation Fuels

22. A consumer may apply to TRA for a rebate for all or part of carbon levy paid by the consumer on aviation fuel in situations including when:
- aviation fuel was used by the Government of Canada;
  - aviation fuel was used for a flight or segment of a flight that only began at a location in Alberta and arrived at a location in Alberta because of an emergency landing at one of the locations; or
  - aviation 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.
23. TRA will not pay a refund for an amount of carbon levy paid if the recipient or consumer is entitled to a rebate for the amount.

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## Process for Application of Rebate

24. To apply for a rebate of carbon levy paid on aviation fuel, an entity must first register with TRA as a claimant. To register as a claimant with TRA, complete form [AT5134 - Aviation Fuel User Carbon Levy Claimant Registration](#).
25. An application for a rebate of carbon levy paid for aviation fuel must
- be made in the form and manner specified by TRA;
  - include the amount of carbon levy to be refunded;
  - 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.
26. 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.
27. 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 aviation fuel eligible for the rebate.

28. 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.

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## Contact Information and Useful Links

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

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