

Tax and Revenue Administration (TRA)

Carbon Levy Administration

Information Circular CL-OF-3

Other Fuels – Exemptions and Licences

Last updated: November 3, 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).

Other Fuels - Exemptions and Licences

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



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Definition of Other Fuels

1. The term “other fuels” is not defined in the Act and the Regulation. It is a term used by TRA to represent the following fuels:

- bunker fuel,
- butane,
- coal coke,
- coke oven gas,
- ethane,
- gas liquids,
- heating distillate oil,
- heavy fuel oil,
- high heat value coal,
- kerosene,
- low heat value coal,
- methanol,
- naphtha,
- natural gas (other than for heating purposes),
- raw gas,
- pentanes plus / condensate,

- propane for heating purposes (for propane for motive purposes, please see [Information Circular CL-T-3, Transportation Fuels – Exemptions and Licences](#)),
- refinery gas,
- refinery petroleum coke, and
- upgrader petroleum coke.

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Carbon Levy Exemption Certificates

2. The Act and the Regulation allows consumers to apply for a carbon levy exemption certificate to purchase other fuels exempt from the carbon levy. The exemption certificates are issued by TRA.
3. A consumer is entitled to a purchase other fuels exempt from the carbon levy if:
 - the consumer provides, at the time of purchase, a carbon levy exemption certificate or other prescribed evidence of exemption; and
 - the fuel is intended for a prescribed purpose or use.

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Who may Purchase Other Fuels Exempt from the Carbon Levy

4. Consumers may apply to TRA for an exemption certificate to purchase other fuels exempt from the carbon levy from an exempt-sale vendor in the following situations:
 - the other fuel is used by the consumer in the operation of a specified gas emitter if the emissions from the other fuel are direct emissions as defined in the Specified Gas Emitters Regulation;
 - the other fuel is used by the consumer in an oil and gas production process before 2023;
 - the other fuel is used by an Indian or Indian band; or
 - the other fuel is not put into a fuel system that produces heat or energy, and is not flared or vented, when used:
 - as a raw material in an industrial process that produces another fuel;

- as a raw material in an industrial process that produces another substance that is not a fuel; or
 - as a solvent or diluent in the production or transport of crude bitumen or other substances.
5. To be exempt from paying the carbon levy on the use of other fuels by an Indian or Indian band, the other fuels must be purchased on, or delivered to, a reserve, the Garden River settlement, or Heart Lake.

More information on the carbon levy exemptions for purchases made by an Indian or Indian band can be found in [Information Circular AITE-2, Tax-Exempt Purchases Made by Eligible Consumers](#).

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Exemption Certificates and Other Evidence of Exemption

Consumers – Other Than an Indian or Indian Band

6. Eligible consumers may apply to TRA for a carbon levy exemption certificate to purchase other fuels exempt from the carbon levy by completing and submitting to TRA the Carbon Levy Fuel User Exemption Application (AT5102).
7. If the other fuels are used by a consumer in the operation of a specified gas emitter, the consumer is also required to complete Carbon Levy Fuel User Schedule A – SGER Facility (AT5109) and attach it to the application form.
8. If the other fuels are used by a consumer in an oil and gas production process before 2023, the consumer is also required to complete Carbon Levy Fuel User Schedule B – Oil and Gas Production Process (AT5110) and attach it to the application form.
9. Where TRA approves the application, a carbon levy exemption certificate will be issued. The exemption certificate will contain an approval number and will identify the type of fuel(s) that may be purchased exempt from the carbon levy.

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Indian or Indian Band

10. An Indian or Indian band as defined under the federal *Indian Act* is not required to make a separate application for a carbon levy exemption certificate to purchase other fuels exempt from carbon levy. The existing [Alberta Indian Tax Exemption \(AITE\)](#) card, the federal identification card, or for an Indian band, an original certificate showing that the fuel is being acquired for band management activities or for real property on a reserve, will be treated as a carbon levy exemption certificate under the Act and the Regulation.

Expiration of a Certificate

11. A carbon levy exemption certificate expires on the earliest of:
 - the expiry date on the certificate (if shown);
 - the date the certificate holder ceased to be entitled to purchase fuel exempt from the carbon levy;
 - if the certificate holder is a corporation, the date the holder:
 - amalgamates with another corporation;
 - is wound up, liquidated or dissolved; or
 - is subject to any proceedings under the *Companies' Creditors Arrangement Act* (Canada),
 - if the certificate holder is a partnership, the date there is a change in the partners of the partnership;
 - if the certificate holder is the operator of a joint venture, the date there is a change in the operator of a joint venture; and
 - the date the certificate is cancelled by TRA.
12. Except as discussed in the next paragraph, no person that has been issued a carbon levy exemption certificate is permitted to allow another person to use the exemption certificate. Similarly, no person is permitted to use a carbon levy exemption certificate issued in the name of another person.
13. An Indian band that has been issued an AITE card is permitted to allow another person to use the AITE card if:
 - the person is an authorized representative of the Indian band;
 - the person is using the AITE card to purchase fuel for and on behalf of the Indian band; and
 - the person and the Indian band comply with the conditions placed on the AITE card.

Refusal to Issue a Certificate

Consumers – Other Than an Indian or Indian Band

14. TRA may refuse to issue a carbon levy exemption certificate in certain circumstances, which may include situations where:
- TRA determines that the applicant is not exempt from paying the carbon levy on other fuel;
 - TRA determines that some or all of the information provided on the application is false or misleading;
 - the applicant holds a valid carbon levy exemption certificate in respect of the same other fuel;
 - TRA determines that the applicant has contravened the Act or the Regulation or any other enactment that provides for the imposition of a tax; or
 - the applicant has an overdue debt to the Crown.

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Suspension or Cancellation of a Certificate

15. TRA may suspend or cancel a carbon levy exemption certificate in certain circumstances, which may include situations where:
- TRA determines that the holder of the carbon levy exemption certificate is no longer exempt from paying the carbon levy on other fuel;
 - TRA determines that information provided to TRA by the holder of the carbon levy exemption certificate is false or misleading;
 - the carbon levy exemption certificate has been lost, stolen, destroyed or is unusable;
 - TRA believes that the carbon levy exemption certificate has been sold to, or is in the possession of or being used by, a person other than the person to whom it was issued or an authorized representative;
 - TRA determines that the holder of the carbon levy exemption certificate has contravened the Act or the Regulation or any other enactment that provides for the imposition of a tax; or
 - the holder of the carbon levy exemption certificate has an overdue debt to the Crown.

16. Where TRA has suspended or cancelled a carbon levy exemption certificate, the holder of the certificate will be notified of the action taken. Exempt-sale vendors will also be notified of the suspension or cancellation of the certificate.

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Licence for Carbon Levy Exemption

17. The Act and the Regulation allow recipients that are fuel vendors or suppliers who would regularly be entitled to a carbon levy refund or credit to apply for a licence to purchase other fuels exempt from the carbon levy. The licence for carbon levy exemption is issued by TRA.
18. A recipient is entitled to purchase other fuels exempt from the carbon levy if the recipient provides, at the time of purchase, a licence for carbon levy exemption.

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Who is Eligible to Apply for a Licence

19. Recipients that are fuel vendors or suppliers may apply to TRA for a licence to purchase other fuels exempt from the carbon levy from an exempt-sale vendor in the following situations:
 - the other fuel is exported from Alberta in bulk;
 - the other fuel is sold to a consumer in the operation of a specified gas emitter if the emissions from the other fuel are direct emissions as defined in the Specified Gas Emitters Regulation;
 - the other fuel is sold to a consumer in an oil and gas production process before 2023;
 - the other fuel is sold to a consumer with a carbon levy exemption certificate and the fuel is not put into a fuel system that produces heat or energy, and is not flared or vented, when used:
 - as a raw material in an industrial process that produces another fuel;
 - as a raw material in an industrial process that produces another substance that is not a fuel; or
 - as a solvent or diluent in the production or transport of crude bitumen or other substances,
 - the other fuel is sold to another direct remitter or licence holder; or
 - the other fuel is stored in a designated offsite storage facility.

Recipients do not require a licence and will not be charged the carbon levy if they purchase other fuels from a refinery or terminal, designated as such under the *Fuel Tax Act*, for direct export from Alberta if they provide documentation satisfactory to TRA that the fuel is destined for export from Alberta if they provide documentation satisfactory to TRA that the other fuel is destined for export from Alberta. Examples include bills of lading and a US “Entry Summary” (form 7501). The “Entry Summary” form must:

- have an original U.S. Customs Department stamp and original signature for each truckload of fuel removed; and
- include volume, product and bill of lading or ticket as stated by the U.S. Customs Department.

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Application for a Licence

20. Eligible recipients may apply to TRA for a licence to purchase other fuels exempt from the carbon levy by completing and submitting to TRA the [Carbon Levy Licence Application for Fuels Other Than Gasoline and Diesel \(AT5103\)](#).
21. Where TRA approves the application, a licence for carbon levy exemption will be issued. The licence will contain an approval number and will identify the type of fuel(s) that may be purchased exempt from the carbon levy.

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Responsibility of a Licence Holder

22. A licence holder may purchase fuel to which the licence applies exempt from carbon levy from approved direct remitters. Once a recipient is issued a licence, the recipient or licence holder in this case will be subject to requirements including filing, reporting, remittance of carbon levy and recordkeeping as a direct remitter in accordance with the Act and the Regulation.

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Use of a Licence

23. Generally, no person that has been issued a licence for carbon levy exemption is permitted to allow another person to use the licence. Similarly, no person is permitted to use a licence issued in the name of another person.

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Refusal to Issue a Licence

24. TRA may refuse to issue a licence, to an applicant, for carbon levy exemption in certain circumstances, which may include situations where:
- TRA determines that the applicant is not regularly entitled to refunds or credits under the Act and the Regulation;
 - TRA determines that some or all of the information provided on the application is false or misleading;
 - the applicant holds a valid licence in respect of the same other fuel;
 - TRA determines that the applicant has contravened the Act or the Regulation or any other enactment that provides for the imposition of a tax; or
 - the applicant has an overdue debt to the Crown.

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Suspension or Cancellation of a Licence

25. TRA may suspend or cancel a licence for carbon levy exemption in certain circumstances, which may include situations where:
- TRA determines that the holder of the licence is no longer regularly entitled to refunds or credits under the Act and the Regulation;
 - TRA determines that information provided to TRA by the licence holder is false or misleading;
 - the licence has been lost, stolen, destroyed or is unusable;
 - TRA believes that the licence has been sold to, or is in the possession of or being used by a person other than the person to whom it was issued or an authorized representative; or
 - TRA determines that the holder of the licence has contravened the Act or the Regulation or any other enactment that provides for the imposition of a tax
26. Where TRA has suspended or cancelled a licence for carbon levy exemption, the holder of the licence will be notified of the action taken. Exempt-sale vendors will also be notified of the suspension or cancellation of the licence.

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Contact Information and Useful Links

Contact Tax and Revenue Administration (TRA):	Email: TRA.CarbonLevy@gov.ab.ca
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