

Tax and Revenue Administration (TRA)

Fuel Tax Act

Information Circular PRO-1

Overview of Fuel Tax on Liquid Petroleum Gas

Last updated: September 30, 2003

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.

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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 gives an overview of the Alberta fuel tax on Liquid Petroleum Gas ("LPG").

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

- Email: TRA.Revenue@gov.ab.ca
- Website: 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.



LPG Subject to Tax

1. Fuel tax must be paid by consumers when purchasing LPG for use as a motive fuel, or when purchasing it from an automotive dispensing system. The only exception to the rule is if the consumer is a tax-exempt purchaser (see [paragraph 4](#)). LPG is a defined term which includes closely competing products such as butane, ethane and propane; however, in Alberta only one grade of propane (commonly called "spec propane") is normally sold for motive use. Spec propane is the product that is referred to as propane in this series of information circulars.
2. Retailers collect the fuel tax by including it in the price of taxable propane sold to their customers. The fuel tax is collected from retailers by propane distributors and producers by adding it to the product price when it is dispensed into a tank which can be used to fuel vehicles. Retailers thus purchase their propane for automotive sales from distributors or producers tax-in, with the invoices clearly indicating the sale was tax-in and with the tax charge recorded separately on the invoices. This includes propane delivered by a distributor to its own retail outlets. TRA will obtain records of sales and deliveries made by distributors monthly.
3. Retailers will only sell propane tax-out to buyers other than tax-exempt purchasers if the propane is not dispensed from a vehicle dispensing system (i.e. portable cylinder sales). Retailers who have one storage tank which is the source of propane for both a vehicle dispensing system and a cylinder dispensing system, may apply directly to Tax and Revenue Administration ("TRA") for a refund of the tax paid on the propane that is not dispensed through the vehicle dispensing system (see [Information Circular PRO-2](#) for details).

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Tax-Exempt Purchasers of Propane

4. Under certain conditions, propane may be sold tax-out to Indians and Indian bands if the sale is made on an Indian reserve in Alberta. For information about the Alberta Indian Tax Exemption program, please refer to the [AITE series of information circulars](#).

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Registration Requirements

5. Retailers who wish to claim refunds of the fuel tax on propane must first register with TRA. See [form AT389, Retailer Registration for Propane Tax Refunds](#). A retailer with more than one retail outlet must provide information specific to each outlet.
6. Registration application forms include questions about retailers' business, including estimates of taxable and non-taxable sales at each retail outlet. Prior to being registered, retailers must meet certain requirements (e.g. have CSA approved totalizer meters which measure the volume of sales for automotive

purposes). TRA may request updates of information to verify that refund claims are reasonable.

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Appointment of LPG Agent-Collectors

7. LPG agent-collectors are appointed by TRA to collect and remit fuel tax on propane sold in Alberta. Only producers and distributors can be appointed LPG agent-collectors. When requested to do so by TRA, the agent-collectors will take totalizer readings at retail locations where they make deliveries, and report these readings to TRA. TRA will use this information to verify retailers' refund claims.

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Contact Information and Useful Links

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