

Notice to Propane Sellers

Carbon Tax

Carbon Tax Act

This notice provides important information regarding changes to legislation announced in the 2010 provincial budget. Effective July 1, 2010, propane is subject to the payment of security, like other fuels, such as gasoline and light fuel oil, under the *Carbon Tax Act* when purchased for resale.

Paying Security

The *Carbon Tax Act* has a security scheme that requires fuel sellers to pay, as security, an amount equal to the carbon tax that will be payable by end purchasers of the fuel. In this way, the government reduces the number of businesses that need to file and remit a tax return to the ministry. For more information on security, please see [Notice 2008-021](#), *Notice to Fuel Sellers – Carbon Tax*.

Propane Vendors

If you sell propane within British Columbia for the first time after it is manufactured or imported into the province, you are considered to be a vendor and you need to apply to the ministry to be appointed as a collector for propane under the *Carbon Tax Act*. If you are already a collector under the *Carbon Tax Act* for other types of fuels, you are still required to apply to be a collector for propane as an additional fuel type.

To apply for appointment as a collector, you need to complete and send in an *Application for Appointment as a Collector* ([FIN 142](#)). You should apply as soon as possible so that the ministry can process your application before July 1, 2010.

Before being appointed as a collector for propane, you will be required to enter into an agreement with the ministry that sets out the duties and conditions of your appointment. This may include posting a bond by providing an unconditional letter of credit by a recognized financial institution.

If you are conditionally approved for appointment as a collector, the ministry will send you two copies of a draft agreement. If you agree with the duties and conditions, you must sign and return both copies of the agreement to the ministry. The director will sign both copies of the agreement and return one copy to you.

If you are not approved for appointment as a collector, the ministry will send you a letter explaining why your application was refused and how to appeal the decision if you disagree. If you are not appointed as a collector for propane by July 1, 2010, you will not be authorized to sell propane in British Columbia for the first time after it is manufactured or imported into the province.

Propane Retail Dealers

If you are currently a retail dealer authorized to sell propane under the *Carbon Tax Act*, your retail dealer's certificate will be cancelled as of July 1, 2010. However, you are still required to submit a final carbon tax return as a retail dealer of propane, report your sales as of June 30, 2010, and remit the taxes due to the ministry. Your final *Carbon Tax Return – Natural Gas or Propane Retail Dealers* ([FIN 106](#)) is due on July 15, 2010.

Inventory Reporting Requirements for Propane

If you are a wholesale dealer or retail dealer of propane who has not been appointed as a collector for propane as of July 1, 2010, you will be required to convert your existing inventory of propane to security-paid inventory. To do this, you need to determine the amount of propane that you own, or are deemed to own, immediately after midnight on June 30, 2010. You must then file a *Carbon Tax Return – Inventory* ([FIN 103](#)) and pay the security due to the ministry by July 15, 2010.

As with other fuels that are subject to the payment of security, an inventory return is required for propane each time the tax rate changes.

Additional information regarding the annual inventory reporting requirements and inventory allowances is being prepared and will be available shortly.

Further Information

If you have any questions, please call us at 604 660-4524 in Vancouver, or toll-free at 1 877 388-4440, or e-mail your questions to CTBTaxQuestions@gov.bc.ca

You can also find information on our website at www.sbr.gov.bc.ca/business/Consumer_Taxes/Carbon_Tax/carbon_tax.htm