

**INFORMATION BULLETIN
GASOLINE TAX AND CARBON TAX
Gasoline and Carbon Products Inventory Return**

On October 23, 2018, the Federal Government announced its acceptance of the Government of Newfoundland and Labrador's plan for carbon pricing. As a result, on January 1, 2019, the Provincial Government's carbon tax will come into effect.

CARBON TAX DUE ON RETAILER INVENTORY AS AT DECEMBER 31, 2018:

Effective 12:01 a.m., January 1, 2019, the provincial carbon tax will be established as follows:

Carbon Product Type	Unit	Carbon Tax Rate
Butane	¢/litre	3.56
Ethane	¢/litre	2.04
Gas liquids	¢/litre	3.33
Gasoline	¢/litre	4.42
Heavy fuel oil	¢/litre	6.37
Kerosene	¢/litre	5.16
Light fuel oil	¢/litre	5.37
Methanol	¢/litre	2.20
Naphtha	¢/litre	4.51
Petroleum coke	¢/litre	7.67
Pentanes plus	¢/litre	3.56
Propane	¢/litre	3.10
Coke oven gas	¢/cubic metre	1.40
Marketable natural gas	¢/cubic metre	3.91
Non-marketable natural gas	¢/cubic metre	5.17
Still gas	¢/cubic metre	5.40
Coke	\$/tonne	63.59
High heat value coal	\$/tonne	45.03
Low heat value coal	\$/tonne	35.45
Combustible waste	\$/tonne	39.95

The Provincial carbon tax will provide for the following exemptions:

- i. The same exemptions as those contained in the federal *Greenhouse Gas Pollution Pricing Act*.
- ii. Fuels sold to Registered Status Indians, Band Councils and Band empowered entities pursuant to the *Indian Act* and consistent with current provincial gasoline tax exemptions in that respect.

- iii. Fuels combusted for regulated activities at regulated facilities under the *Management of Greenhouse Gas Act*.
- iv. All current provincial exemptions and/or refunds as specified under the *Revenue Administration Act* regulations.
- v. Fuels sold in sealed, pre-packaged containers of ten litres or less.
- vi. Aviation fuel.
- vii. Fuels used for offshore petroleum exploration.
- viii. Silviculture.

Existing Department of Finance administrative processes will be used and updated where necessary for the reporting, monitoring, and compliance of carbon tax.

Additional details regarding carbon tax can be found on Government's website in the news release titled: *Provincial Government Releases Federally-Approved Made-in-Newfoundland and Labrador Approach to Carbon Pricing*, at the following link: <https://www.releases.gov.nl.ca/releases/2018/mae/1023n01.aspx>.

Gasoline retailers must take and record their existing inventory of carbon products as of 12:01 am, Tuesday January 1, 2019. The *Gasoline and Carbon Products Inventory Return* must be completed and submitted with the additional tax payable resulting from the new carbon tax rates no later than January 20, 2019. Retailers must file a \$Nil return if there is no carbon tax due.

GASOLINE TAX CREDIT ON RETAILER INVENTORY AS AT DECEMBER 31, 2018:

Effective 12:01 a.m., January 1, 2019, the provincial gasoline tax per litre imposed on gasoline and diesel products will decrease as follows:

Product	Current Gasoline Tax Rate	Gasoline Tax Rate as of January 1, 2019
Gasoline	20.5¢	16.5¢
Diesel	21.5¢	16.5¢

A gasoline tax credit amount for gasoline and diesel products will result as a higher gasoline tax rate will have been paid by retailers on inventory held at December 31, 2018, than the gasoline tax rates the retailers will charge their end consumers on sales after December 31, 2018. The gasoline tax credit amounts should be reported on the *Gasoline and Carbon Products Inventory Return*. The calculated credit amount should be netted against the carbon tax amounts due, reducing the overall balance due.

Failure to submit the inventory return by January 21, 2019 will result in the imposition of a \$100 late filing penalty and may result in the assessment of a penalty equal to the tax that should have been submitted.

Further information regarding these changes may be obtained by contacting:

Department of Finance Tax Administration Division P.O. Box 8720 St. John's, NL A1B 4K1	Phone: (709) 729-6297 Toll Free: 1-877-729-6376 Fax: (709) 729-2856 email: taxadmin@gov.nl.ca
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Disclaimer: This bulletin is prepared as a guideline and interpretation of the statutes. Where a conflict between the bulletin and statutes arise, the statutes will take precedence.