



## Tax Commission - The Facts about the Fuel Tax Exemption Program

### An Investment in Nova Scotia's Industries

- Every year, more than 4,600 businesses in Nova Scotia receive the fuel tax exemption.
- An estimated \$20 million in tax savings is passed on to farmers, fishers and other qualified consumers every year.
- Consumer Exemption Permits are renewable every three years.
- All applicants who received authorization to purchase tax exempt (marked) fuel prior to April 1, 1996, are not required to pay a registration fee.
- Revenue from this fee helps cover the cost of administering the program, including compliance features like inspections.
- There are three components to the program - the Consumer Exemption Permit, Administration, and Compliance. Fee revenues from all permits cover about one-third of the cost to offer the entire program.
- The Consumer Exemption Permit allows permit holders to acquire the fuel tax exemption at the point of sale, protecting cash flow by reducing up front expenses for the permit holder.
- The Consumer Exemption Permit reduces red tape by allowing permit holders to bypass paperwork associated with requesting a refund. The permit is not necessary to obtain the refund; those who qualify can save fuel receipts and apply for a refund within 15 months of the date of purchase, or when claims exceed \$100.
- Administration includes processing the application and renewals, updating the database, and verification of exemptions at the wholesale level.
- Compliance officers verify tax exempt (marked) fuel is being used properly; in equipment that qualifies for exemption. Officers conduct approximately 2,000 inspections per year to safeguard the integrity of the program.
- Monitoring the program ensures that the exemption remains in place and Nova Scotia taxpayers remain assured the program and tax system is protected.