

Tax Information

Bulletin 5027

Bulletin: 5027 R2
Date: November 23, 2010
Subject: Unaccountable Product Losses by the Agent Allowance for Product Shortages or Losses - Revenue Act Regulations 13 and 28

This Bulletin is with respect to product shortages reported on the Generic Fuel Collector Summary Report. The following information is also applicable to audits conducted on agents, sub-agents and distributors.

The total combined amounts reported by an agent on the Generic Fuel Collector Summary Form for the months April to March, inclusive of each year, for unaccountable gasoline shortages shall not exceed an amount equal to 0.50% (1/2 of 1%) of the gasoline acquired by the agent during those months.

The total combined amounts reported by an agent on the Generic Fuel Collector Summary Form for the months April to March, inclusive of each year, for unaccountable diesel oil shortages shall not exceed an amount equal to 0.25% (1/4 of 1%) of the diesel oil acquired by the agent during those months. Diesel oil for the purposes of this Bulletin includes taxable diesel oil, tax exempt (marked) diesel oil and other middle distillates such as tax exempt (marked) furnace oil and tax exempt (marked) stove oil.

The following is to be noted for gasoline and diesel oil shortages:

- Unaccountable product shortages can include handling losses, evaporation and minor leakages.
- Unaccountable shortages exceeding the allowable amount for taxable gasoline can be offset by any gain and/or unused shortage allowance for tax exempt (marked) gasoline.

Unaccountable shortages exceeding the allowable amount for tax exempt gasoline can be offset by any gain and/or unused shortage allowance for taxable gasoline.

- Unaccountable product shortages exceeding the allowable amount in a particular diesel product such as taxable diesel can be offset by gains and/or unused shortage allowances in the other diesel products.
- Offsets to taxable gasoline and tax exempt marked gasoline shortages cannot exceed the total gasoline shortages.
- Offsets to diesel product shortages cannot exceed the combined shortages for diesel and other middle distillate products.
- Offsets cannot be used to reduce revenue from the sale of taxable product or fuel used by an agent, sub-agent or distributor.

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- Any reported net shortages that exceed the combined allowable amount for the entire year will be assessed and any net gains at the end of the fiscal year cannot be carried over into the next fiscal year. The fiscal year is the period of April to March.

CALCULATION OF ASSESSMENT - Revenue Act Regulation 28

In calculating the amount of tax due for any certificate, estimate or assessment pursuant to Part I of the Act, the Commissioner may grant an allowance for gasoline and diesel oil shortages, or gasoline and diesel oil that cannot otherwise be accounted for, on gasoline and diesel oil delivered and sold between April 1 and March 31, inclusive, of each year

- (a) through each bulk plant operated by the agent,
 - (i) an amount not to exceed 0.50 percent of the gasoline acquired by the agent at the bulk plant, and
 - (ii) an amount not to exceed 0.25 percent of the diesel oil acquired by the agent at the bulk plant;and
- (b) through each sub-agent of the agent,
 - (i) an amount not to exceed 0.25 percent of the gasoline acquired by the sub-agent at the bulk plant, and
 - (ii) an amount not to exceed 0.125 percent of the diesel oil acquired by the sub-agent at the bulk plant.