

# Revocation of Biodiesel Exemption

This publication explains the changes made to the Fuel Tax Act in respect to the taxation of biodiesel fuel and will be of particular interest to biodiesel manufacturers, importers, exporters, transporters and wholesalers who may need to register with the Ministry of Finance. It provides general information only and does not replace the Fuel Tax Act and Regulations.

As announced in the 2013 Ontario Budget, the fuel tax exemption for biodiesel is repealed effective April 1, 2014. On that date, biodiesel will be taxable at a rate of 14.3 cents per litre, in the same way as diesel fuel.

## What is biodiesel?

Biodiesel is commonly described as a biodegradable, clean burning, and renewable fuel that can be made from a variety of feedstock including canola and soy oil, animal fats or other vegetable oil (including recycled cooking oils and restaurant grease).

## What changes occur on April 1, 2014?

Effective April 1, 2014, unless otherwise exempted, all fuel used to generate power in an internal combustion engine, including biodiesel, is taxable at a rate of 14.3 cents per litre.

Prior to April 1, 2014, biodiesel that is ester based and oxygenated is exempt from fuel tax in Ontario. This includes any portion blended with petroleum based diesel for use in a motor vehicle.

## Registration and Reporting Requirements

All persons or businesses that manufacture biodiesel in Ontario, or that import, export or transport biodiesel into or from Ontario on or after April 1, 2014, will need to be registered with the Ministry of Finance under the Fuel Tax Act. Wholesalers of biodiesel who wish to deal in untaxed product must register to become a designated collector. The ministry recommends you apply as early as possible to ensure you are registered by April 1<sup>st</sup>, 2014.

A manufacturer, collector, importer, exporter or interjurisdictional transporter is required to file a monthly report and remit fuel tax collectible and payable, if any, by the 25th day of the following month.

## How to Register

Complete an application form online at: [ontario.ca/bo8b](http://ontario.ca/bo8b) or contact the Ministry of Finance, Account Management and Collections Branch at:

- 1 866 ONT-TAXS (1 866 668-8297)
- 1 800 263-7776 Teletypewriter (TTY), or by
- fax 905 433-5680

## Posting Security

A new business that applies to be a manufacturer/ designated collector or registered importer must provide security in the amount specified in the legislation. Generally, the security required is the greater of three months tax, or for:

- Collectors - \$1 million
- Importers - \$500,000

Exporters post security as determined by the Minister. Transporters are not generally required to post security.

New registrants will be eligible for consideration of a security reduction after 18 months of satisfactory compliance, provided they are in good financial standing.

Forms of security acceptable to the Minister are irrevocable letters of credit or surety bonds from Ontario financial institutions, and cash. Cash deposited as security does not earn interest.

## Request for written interpretations

To obtain a written interpretation on a specific situation not addressed in this publication, please send your request in writing to:

Ministry of Finance  
Advisory Services, Fuel Tax  
33 King Street West, 3rd Floor  
Oshawa ON L1H 8H5

## For more information

See frequently asked questions regarding biodiesel online at: [ontario.ca/bo8e](http://ontario.ca/bo8e).

Visit [ontario.ca/finance](http://ontario.ca/finance) or contact the Ministry of Finance at 1 866 ONT-TAXS (1 866 668-8297) or 1 800 263-7776 for teletypewriter (TTY).

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Cette publication est disponible en français sous le titre « Élimination de l'exonération pour le biodiesel ». Vous pouvez en obtenir un exemplaire en appelant le 1 866 ONT-TAXS (1 866 668-8297) ou en visitant [ontario.ca/finances](http://ontario.ca/finances).

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