

Fuel Tax Compliance Measures

Licensing

- Every wholesaler of gasoline, propane and diesel oil must enter into a wholesaler agreement with the Province.
- A vendor's permit is required to purchase fuel from a wholesaler for resale.
- A consumer's exemption permit is required to purchase marked fuel from a wholesaler or a restricted retail vendor.
- An IFTA licence or a temporary trip permit is required to operate an interprovincial vehicle of 11,797 kg (26,000 lbs) or more in Nova Scotia.

Security Requirements

The Commissioner may require a wholesale, vendor, collector or applicant for a registration certificate to deposit with the Minister a bond by way of cash or other security in such amounts as may be determined by the Commissioner, which shall not in any case be greater than an amount equal to six times the amount of the tax estimated by the Commissioner to be the amount normally collected by the applicant or collector.

Cancellation or Suspension

Grounds for cancelling a permit include:

- contravening the provisions of the *Revenue Act* and the regulations or the terms of an agreement;
- failure to remit tax, or to file a return; failure to post the required security;
- found guilty of an offence under the *Act Revenue Act* and the regulations; or failure to pay a required fee.

Audit

In making an assessment, the Commissioner shall not consider a period or periods of time greater than four years prior to the date of commencement of the inspection, audit or examination of the books of account, records or documents, unless the Commissioner deems the person did not exercise the degree of care, diligence and skill to prevent an offence that a reasonably prudent person would exercise in comparable circumstances, or if there is evidence that the person has committed fraud, and the results may be applied over the period or any part of the period.

Administrative Fines and Penalties

The following penalties can be imposed under the *Revenue Act*:

- 5% - failure to pay or remit tax
- 25% - 100% - wilful failure to remit tax collected
- 25% - failure to pay tax by wilfully making a false statement
- 25% - failure to maintain records

See [Bulletin 5101](#) for more information on fuel enforcement provisions

Colouring/Tax Exempt

Gasoline and diesel oil (including middle distillate fuels such as furnace oil and stove oil) coloured with Nova Scotia dye by wholesalers at approved dye sites (all terminals) is exempt from tax.

Commercial farmers, fishermen, lumbermen, manufacturers and others using fuel for exempt purposes, may use coloured fuel, or pay the tax if clear fuel is used. If tax is paid, they may apply for a refund.

Inspection Program

Compliance staff inspect consumers of marked fuel, and consumers of clear fuel applying for a refund to ensure the fuel was used as claimed. They also inspect bulk plants. This includes an analysis of the dyeing procedures. They assist police agencies with fuel related investigations. Improperly dyed fuel results in assessments against the supplier. Improper usage of fuel by consumers results in assessments, charges and warning letters.

Registration decals and Nova Scotia Trip Permits are monitored and enforced by the Department of Transportation and Infrastructure Renewal at weigh scale sites.

Other Issues

Temperature Adjustment (Volume corrected measure)

The major oil companies in Nova Scotia are well advanced in a program to convert measuring equipment at every level of the distribution chain to automatically temperature correct at 15°C.