

Tax Information

Bulletin 5042

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Date : June 26, 2024

Subject : Registered Retailers Under the Nova Scotia Indigenous Fuel Tax Exemption program

This Bulletin is intended to provide information for service stations located on Nova Scotia reserves.

It outlines the business requirements for providing a gasoline and diesel tax exemption under the Nova Scotia Indigenous Fuel Tax Exemption program (NSIFTE).

Please note that this exemption program does **not** apply to the harmonized sales tax (HST).

The purpose of the NSIFTE is to provide a provincial fuel tax exemption to individuals who have status under the *Indian Act* for purchases of gasoline and diesel on reserve at the time of purchase. The benefit of this program is that it will allow individuals who have status under the *Indian Act* participating in the NSIFTE program to use their Nova Scotia driver's licence to obtain the exemption, and the retailer to process it without the burden of processing detailed paperwork at the time of sale. This is made possible using a point-of-sale system made available by the retailer.

Who is eligible for the Nova Scotia Indigenous Fuel Tax Exemption program?

Individuals who have status under the *Indian Act* recognized by the Government of Canada, and who hold a valid Nova Scotia driver's licence that is not expired, suspended, or revoked may apply to join the Nova Scotia Indigenous Fuel Tax Exemption program (see [Application Form](#)).

Individuals who have status under the *Indian Act* who do not hold a valid Nova Scotia driver's licence, or individuals who have status under the *Indian Act* visiting from another province may apply for a refund of provincial fuel tax on gasoline or diesel purchased from [participating service stations located on Nova Scotia reserves](#) (see [Application Form](#)).

Only invoices/receipts issued by a participating service station located on reserve using an approved electronic point-of-sale system under the Nova Scotia Indigenous Fuel Tax Exemption program are acceptable for refund purposes.

Incorporated entities located on or off reserve are **not** eligible for the NSIFTE.

How does a retail service station apply to join the Nova Scotia Indigenous Fuel Tax Exemption program?

1. In order to join the NSIFTE program, a retailer of gasoline and/or diesel must be a registered vendor under the *Revenue Act* and located on a reserve in Nova Scotia.
2. A retailer who wishes to participate in the NSIFTE program is required to sign an agreement with the Provincial Tax Commissioner. Agreement forms are available from Service Nova Scotia.

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3. The key provisions of the retailer agreement are as follows:

- Conditions of program
- Refund and audit
- Confidentiality
- Transaction processing
- Acquisition and maintenance of computer hardware and software for the required point-of-sale system
- Conditions of agreement

Retailer processing of provincial fuel tax-exempt sales to individuals who have status under the *Indian Act*

The Nova Scotia driver's licence will be used as proof of identity and as a mechanism for individuals who have status under the *Indian Act* to acquire provincial tax-exempt fuel from participating service stations **located on reserve**. Under the NSIFTE, an eligible individual who has status under the *Indian Act* must present their Nova Scotia driver's licence to a participating retailer to purchase provincial tax-exempt gasoline and diesel fuel.

- If the customer presents a driver's licence, the service station attendant must verify the picture on the licence and upon confirmation, swipe the licence or key-in the licence master number into the computer terminal. The information recorded on the licence is automatically checked against the point-of-sale (POS) system. Upon validation of the licence, provincial fuel tax is deducted from the sale. If the POS system indicates "ineligible" a point-of-sale rebate will not be provided.
- If the customer does not have a driver's licence card but instead presents a paper document entitled "Temporary Driver's Licence" issued by the Nova Scotia Registry of Motor Vehicles, the attendant will ask to see the individual's Status Card issued by the Government of Canada. Upon verification of the name and photo, the attendant must manually input the master number and expiry date shown on the temporary document. The information recorded on the temporary document is automatically checked against the point-of-sale system. If the POS system indicates "ineligible" a point-of-sale rebate should not be provided.

If a driver's licence has not been registered under NSIFTE or it has been cancelled, suspended, revoked, or has expired, an exemption will not be triggered by the system. Further, a driver's licence cannot be left with a retailer for future use and an individual cannot use another individual's driver's licence to make fuel tax-exempt purchase. If a participating individual presents their Nova Scotia driver's licence and the point-of-sale system rejects the tax exemption, Service Nova Scotia may be contacted at 902-424-6717 to determine the reason for the rejection, or you can retain your receipts to apply for a refund at a later date.

The point-of-sale system automatically compares the quantity purchased with a consumer's accumulated month to date purchase. If the monthly base exemption is exceeded, the exemption will not be triggered by the point-of-sale system.

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Fuel exempt from Nova Scotia fuel tax must not be sold to an individual who intends to resell it. If as a retailer, you have reason to believe that an individual intends to resell the product, you must refuse to make the sale. If you have made a fuel sale and you have knowledge that the product was resold by a customer, please contact Service Nova Scotia (by phone at 902-424-6717 or by email at NSIFTE@novascotia.ca) as soon as possible. Details of the transaction such as the name of the consumer, the consumer's driver's licence master number, the date of the purchase and the reason you believe the product was resold should be provided.

Retailer recovery of tax on tax-exempt fuel sales

- Registered retailers must purchase fuel for resale purposes from a registered wholesaler who is required to collect the provincial fuel tax under the *Revenue Act*.
- Service Nova Scotia collects exempt sales information electronically from the retailer's point-of-sale system and generates a provincial fuel tax refund to the retailer based on this information.

Monthly base exemption of tax-exempt gasoline and diesel oil

Individuals who have status under the *Indian Act* participating in this program may purchase gasoline or diesel exempt of provincial fuel tax or a combination of these products up to the base exemption of 1,000 litres per month. In the case of an individual who has reached the base exemption before the end of a particular month, the point-of-sale system will not provide a provincial fuel tax exemption beyond the base exemption. In such a case, the individual may submit a refund claim for the provincial fuel tax paid. For those individuals registered under this exemption program that require an increase in the monthly exemption base, they may submit an application to Service Nova Scotia. Application forms for this request can be obtained from their nearest Access Nova Scotia office, at Band Council offices, by calling Service Nova Scotia or on our website (see [Application Form](#)).

Penalty for violations of the Nova Scotia Indigenous Fuel Tax Exemption program

Individuals who participate in any activities that are not permitted under the NSIFTE and the *Revenue Act* may be subject to a fine.

A wholesaler or vendor who contravenes Part I of the *Revenue Act* is liable, on summary conviction, to a fine of:

- not less than \$1,500.00 for a first offence;
 - not less than \$2,500.00 for a second offence;
 - not less than \$5,000.00 for a third offence;
- and**
- a fine equal to two times the exemption of tax that should have been collected, remitted or paid as determined by the *Revenue Act*;
- or**
- to imprisonment for a term not exceeding six months for a first offence; or
 - to imprisonment for a term not exceeding one year for a second or subsequent offence;
- or**
- to both fine and imprisonment.

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An individual who sells gasoline or diesel oil to a vendor or a purchaser without holding a permit as required under the *Revenue Act Regulations* is liable, on summary conviction, to a fine of:

- not less than \$1,500.00 for a first offence;
 - not less than \$2,500.00 for a second offence;
 - not less than \$5,000.00 for a third offence;
- and**
- a fine equal to two times the exemption of tax that should have been collected, remitted or paid as determined by the *Revenue Act*;
- or**
- to imprisonment for a term not exceeding one year;
- or**
- to both fine and imprisonment.

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