

## Tax Information

## Bulletin 5043

Bulletin : 5043 R6

Date : June 26, 2024

Subject : Fuel Tax - Exempt Purchases Made by Individuals who have status under the *Indian Act* on Reserve

This Bulletin is intended to provide information to individuals who have status under the *Indian Act* who are participating in the Nova Scotia Indigenous Fuel Tax Exemption (NSIFTE) program.

The purpose of the NSIFTE program is to allow a provincial fuel tax exemption to participating individuals for purchases of gasoline and diesel on reserve at the time of purchase. The benefit of this program is that allows individuals participating in NSIFTE to use their Nova Scotia driver's licence to obtain the exemption, and the retailer to process it without having to complete paperwork at the time of sale. This is made possible using a point-of-sale system provided by the retailer.

Please note that this exemption program does **not** apply to the Harmonized Sales Tax (HST).

### What are the current rates for provincial fuel tax on gasoline and diesel?

Gasoline - 15.5 cents per litre

Diesel - 15.4 cents per litre

### 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 suspended, revoked, or expired may apply to participate in the Nova Scotia Indigenous Fuel Tax Exemption program.

Individuals who have status under the *Indian Act* and 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 a reserve](#) (see [Application Form](#)).

Only invoices/receipts issued by a participating service station in Nova Scotia with 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 a reserve are **not** eligible for the NSIFTE.

### How do you apply to join the Nova Scotia Indigenous Fuel Tax Exemption program?

1. Applicants who have status under the *Indian Act* may submit an application to their Membership Department, and if required, their Nova Scotia driver's licence and their Status Card issued by the Government of Canada. Application forms can be obtained from your nearest Access Nova Scotia

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office, at Band Council Offices, at on-reserve service stations, by calling Service Nova Scotia or on our website (see [Application Form](#)).

2. The Membership Clerk can certify the application and may forward it to Service Nova Scotia.
3. Upon approval, Service Nova Scotia will notify the applicant. After this approval, their Nova Scotia driver's licence may be used to obtain the fuel tax exemption.
4. If you are a General List applicant, please contact (902) 424-6717.

### **How do you apply if you have received a Temporary Confirmation of Registration Document?**

1. Applicants who receive a Temporary Confirmation of Registration Document may apply to participate in the Nova Scotia Indigenous Fuel Tax Exemption program using their Temporary Confirmation of Registration Document issued by Indigenous Services Canada.
2. You may bring your completed application form, your valid Nova Scotia driver's licence and your Temporary Confirmation of Registration Document to:
  - Your local Access Nova Scotia office during regular business hours;
  - or**
  - You may call 902-424-6717 to arrange for an appointment with the Nova Scotia Indigenous Fuel Tax Administrator.
3. Your Temporary Confirmation of Registration Document must be the original with the raised seal.
4. Upon approval, Service Nova Scotia will notify the applicant. After this approval, their Nova Scotia driver's licence may be used to obtain the fuel tax exemption.

The program application requires the applicant to authorize:

- Service Nova Scotia to disclose the information on the provided Nova Scotia driver's licence to participating service stations who sell fuel on reserve, for the purpose of administering exemptions from gasoline and diesel tax.
- Service Nova Scotia to disclose the information on the submitted form to Indigenous Services Canada for the purpose of confirming the Status Card information.
- Indigenous Services Canada to release the Status Card information to Service Nova Scotia.
- Service Nova Scotia to use the driver's licence information for the purpose of administering exemptions from gasoline and diesel tax under NSIFTE.

### **Use of Nova Scotia driver's licence**

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**.

If you have applied for a new driver's licence, you may continue to use your old one for 30 days for the purposes of the NSIFTE exemption until you receive your new licence. Once you receive your new driver's licence in the mail, ensure that you destroy the old one immediately.

If you do not currently have a driver's licence (for example, because it has been misplaced) please present the "Temporary Driver's Licence" document issued by the Registry of Motor Vehicles as well

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as your Status Card issued by the Government of Canada so the service station attendant can confirm your identity.

If a driver's licence has not been registered under the NSIFTE program 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 a tax-exempt fuel purchase. If a participating individual presents their Nova Scotia driver's licence and the point-of-sale system rejects the fuel 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.

### **Point-of-sale fuel tax exemption - How to purchase provincial fuel tax-exempt fuel?**

Each time you wish to purchase provincial fuel tax-exempt gasoline or diesel, you must present your driver's licence to a participating service station at the beginning of the transaction. The service station attendant will verify the picture on the licence and upon confirmation, swipe your licence or key-in your licence master number into the computer terminal of the point-of-sale system. The information recorded on the licence will automatically be checked against the computer system, and upon validation provincial fuel tax will be deducted from the sale.

If you do not receive a fuel tax exemption at the service station, you can retain your receipts to apply for a refund at a later date.

### **Monthly base exemption of provincial fuel tax-exempt gasoline and diesel**

Individuals who have status under the *Indian Act* participating in this program may purchase gasoline or diesel oil exempt of provincial fuel tax or a combination of these products up to the base exemption of 1,000 litres per month. The monthly base exemption is per individual. Every family member who has status under the Indian Act and who has a valid Nova Scotia driver's licence is eligible to join the program and purchase tax-exempt fuel on reserve.

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, Provincial fuel tax will be charged on the fuel purchase but the individual may submit a refund claim for the provincial fuel tax paid.

Individuals that wish to request an increase to the base exemption can do so when they first apply to the Nova Scotia Indigenous Fuel Tax Exemption program, or any time after they are enrolled in the program. Application forms for an increase to the base exemption are available at Access Nova Scotia, at Band Council Offices or on the Service Nova Scotia website (see [Application Form](#)). The base exemption is given monthly without the need for ongoing reapplication, but applying for an increase to the base exemption is required every three years.

Other considerations:

- The exemption is for each participating individual licence holder; not the number of vehicles an individual may own or operate.
- The base exemption is for the use of the participating individual only.
- In cases where the individual's unincorporated reserve business requires more fuel, they may

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apply for an increase to their base exemption for the amount of fuel required.

- Individuals may apply for an increase whenever their fuel consumption warrants. Employees operating employer owned vehicles may also apply where they are the purchaser(s) of the fuel.

### **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.

An individual who sells gasoline or diesel 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 amount 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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