



## Point-of-Sale Rebate on Heating Oil

This info sheet explains the point-of-sale rebate (rebate) available for the provincial part of the harmonized sales tax (HST) payable on qualifying heating oil.

The participating province of Prince Edward Island provides a rebate equal to the 9% provincial part of the HST payable on qualifying heating oil sold, imported, or brought into the province.

The Canada Revenue Agency (CRA) and the Canada Border Services Agency (CBSA) administer the rebate on behalf of the province of Prince Edward Island.

### Qualifying heating oil

Qualifying heating oil means fuel (other than heavy fuel oil or fuel sold as fuel for use in internal combustion engines) that is suitable for use as heating oil and is marketed or sold as fuel for use as heating oil for heating homes, buildings, or similar structures. To determine what qualifies as similar structures, you may call a GST/HST rulings centre at 1-800-959-8287 or request a written ruling or interpretation.

For the purposes of the definition of qualifying heating oil, fuel means a liquid petroleum based substance that produces heat when burned.

The following goods are heating oils that qualify for the rebate:

- stove oil for use as a heating source and is marketed or sold as fuel for that purpose;
- no. 2 fuel oil, including furnace oil or home heating oil, that is suitable for use as heating oil and is sold or marketed as fuel for that purpose;
- diesel oil that is suitable for use as heating oil and is sold or marketed as fuel for that purpose; and

- kerosene or paraffin oil that is suitable for use as heating oil and is sold or marketed as fuel for that purpose.

### Example 1

A home owner in Prince Edward Island purchases furnace oil from a distributor of fuel oil. The furnace oil is sold as fuel for use as heating oil for heating homes, buildings, or similar structures. The furnace oil is qualifying heating oil.

### Example 2

A licensed wholesaler of fuel oil sells furnace oil to distributors of fuel oil in Prince Edward Island. The furnace oil is marketed for use as heating oil for heating homes, buildings, or similar structures. The furnace oil sold by the wholesaler is qualifying heating oil.

### Example 3

To heat the shop area in the building, a retail shop owner in Prince Edward Island purchases kerosene which is sold as fuel for use as heating oil. The kerosene for use in heating the shop area is qualifying heating oil.

### Example 4

A farmer in Prince Edward Island purchases diesel oil for use in heating buildings on her farm. The diesel oil is sold as fuel for use as heating oil for heating homes, buildings, or similar structures. The diesel oil purchased by the farmer in heating the farmer's buildings is qualifying heating oil.

### Non-qualifying heating oil

The following goods do not qualify for the rebate:

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- heavy fuel oil, including bunker oil;
  - vehicle fuel, including gasoline type fuels and diesel type fuels that are sold as fuel for use in internal combustion engines;
  - aircraft fuel, including aviation turbo fuel and jet fuel;
  - propane and liquefied petroleum gas; and
  - natural gas and natural gas liquids.

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#### **Example 5**

A marine transportation business in Prince Edward Island purchases bunker oil for use in its marine vessels. The bunker oil as heavy fuel oil is not qualifying heating oil.

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#### **Example 6**

A farmer in Prince Edward Island purchases diesel oil for fuelling his diesel-engine tractors. The diesel is sold as fuel for use in internal combustion engines. The diesel oil purchased by the farmer for use in the farmer's diesel-engine tractors is not qualifying heating oil.

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### **Who qualifies for the rebate**

The rebate is available at any point in the distribution chain of the qualifying heating oil. The rebate is available to wholesalers, retailers, or consumers who:

- are recipients of qualifying heating oil sold in Prince Edward Island;
- are residents in Prince Edward Island and that import qualifying heating oil where the provincial part of the HST will be payable on the importation; or
- receive delivery or possession of qualifying heating oil in, or bring qualifying heating oil into, Prince Edward Island in circumstances where the provincial part of the HST will be payable on the heating oil.

**Note:** In this case, a “recipient” of qualifying heating oil means the person who is liable to pay for the heating oil. A recipient could be a wholesaler, retailer, or consumer.

If you are not sure whether you are eligible for a rebate or whether a particular fuel is qualifying

heating oil, you may call a GST/HST rulings centre at 1-800-959-8287 or request a written ruling or interpretation. For more information, see GST/HST Memorandum 1.4, *Excise and GST/HST Rulings and Interpretations Service*.

### **How to claim the rebate**

Wholesalers, retailers and consumers who purchase qualifying heating oil will receive the rebate by:

- being paid or credited the rebate amount by the supplier (e.g., a manufacturer, producer, wholesaler, or retailer) at the point of sale;
- in the case of an importation, having the rebate amount deducted by the CBSA from the HST payable; or
- filing a rebate claim with the CRA using Form GST 189, *General Application for Rebate of GST/HST*.

### ***Rebate amount paid or credited by a registrant supplier***

Wholesalers, retailers, or consumers should automatically have their rebate amount paid or credited to them at the point of sale by the supplier.

The rebate amount paid or credited is equal to the amount of the provincial part of the HST payable on the qualifying heating oil.

A supplier that pays or credits the rebate amount will collect only the 5% federal part of the HST.

Information on how a supplier shows the rebate amount paid or credited is provided under the heading “How suppliers show the rebate on their invoices”.

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#### **Example 7**

A heating fuel distributor in Prince Edward Island sells stove oil to a consumer for heating the consumer's home.

The stove oil is sold for use as heating oil for heating homes and therefore, is qualifying heating oil for purposes of the rebate. As a result, the heating fuel distributor collects only the 5% federal part of the HST and pays or credits the rebate equal to the 9% provincial part of the HST to the consumer at the point of sale.

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### Example 8

A gas station in Prince Edward Island sells diesel for use as motor fuel.

As the diesel is not sold for use as heating oil, it is not qualifying heating oil for purposes of the rebate. As a result, the retailer collects the 14% HST. In this case, there is no point-of-sale rebate.

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### Example 9

A wholesaler of heating oil sells kerosene for use as fuel in portable kerosene heaters to a retailer in Prince Edward Island.

The kerosene is marketed for use as heating oil for heating homes, buildings, or similar structures, and therefore, it qualifies as heating oil for purposes of the rebate. Because the rebate applies to sales at any point in the distribution chain, the wholesaler collects only the 5% federal part of the HST and pays or credits the rebate equal to the 9% provincial part of the HST to the retailer at the point of sale.

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## Filing rebate claims with the CRA

If the supplier does not pay or credit the rebate amount at the point of sale and the recipient pays the HST to the supplier, the recipient of the qualifying heating oil can file a rebate claim with the CRA using Form GST 189, *General Application for Rebate of GST/HST* using reason code 16.

The claim must be made within four years after the day the provincial part of the HST became payable.

The rebate amount that the CRA will pay is equal to the amount of the provincial part of the HST that was paid on the sale of the qualifying heating oil. However, the CRA will not pay a rebate where the total amount of the rebate is \$2 or less.

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### Example 10

On June 15, 2013, a heating oil distributor in Prince Edward Island sells furnace oil to a consumer. The heating oil is qualifying heating oil for purposes of the rebate.

The heating oil distributor collects 14% HST and does not pay or credit the rebate equal to the 9% provincial

part of the HST at the point of sale. The consumer can file a rebate claim with the CRA for an amount equal to the 9% provincial part of the HST paid to the heating oil distributor.

The consumer has until June 15, 2017 to file this rebate claim. Where the rebate application is filed on time, the CRA will pay the rebate amount to the consumer provided that the total rebate amount claimed is more than \$2.

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### Example 11

On August 1, 2013, a wholesaler in Prince Edward Island sells furnace oil to a retailer in Prince Edward Island. Both the wholesaler and retailer are registrants for GST/HST purposes. The furnace oil is qualifying heating oil for purposes of the rebate and the retailer uses the furnace oil for heating the retail area in the building.

The wholesaler collects the 14% HST and does not pay or credit the rebate equal to the 9% provincial part of the HST at the point of sale. The retailer can file a rebate claim with the CRA for an amount equal to the 9% provincial part of the HST paid to the wholesaler.

The retailer has until August 1, 2017 to file this rebate claim. As a registrant, the retailer can also claim an input tax credit (ITC) to recover the 5% federal part of the HST paid to the wholesaler for the furnace oil to the extent that it is for use in the course of the retailer's commercial activities.

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## Persons importing qualifying heating oil

Persons who are residents in Prince Edward Island and who import qualifying heating oil, where the provincial part of the HST is payable on the importation, should automatically have their rebate deducted by the CBSA from the HST payable.

The rebate amount that the CBSA deducts equals the amount of the provincial part of the HST that would be payable by the person on the imported qualifying heating oil. As a result, the CBSA collects only the 5% federal part of the HST on the imported qualifying heating oil.

## Example 12

A consumer who is a resident in Prince Edward Island purchases kerosene in the United States and returns with it to Canada. The kerosene is qualifying heating oil for purposes of the rebate.

The CBSA automatically deducts the rebate amount equal to the 9% provincial part of the HST on the imported kerosene and will collect only the 5% federal part of the HST on the importation of the kerosene.

## How suppliers show the rebate on their invoices

On the invoices or receipts issued for the sale of qualifying heating oil, a supplier may choose the following options to show the rebate amount paid or credited at the point of sale.

The following examples show HST at the rate of 14%.

### Option 1

The supplier can show the total amount of the HST payable (or the total HST rate) and the amount of the rebate separately.

Furnace oil price	\$550.00
HST @ 14%	<u>\$77.00</u>
Subtotal	\$627.00
Rebate @ 9%	<u>\$49.50</u>
Amount due	\$577.50

### Option 2

The supplier can show only the federal part of the HST payable.

Furnace oil price	\$550.00
HST	<u>\$27.50</u>
Amount due	\$577.50

### Option 3

The supplier can show the total price of the qualifying heating oil including only the federal 5% part of the HST.

Furnace oil price	\$577.50
5% HST included	

For sales to GST/HST registrants, additional information may be required to support claims for input tax credits. For more information on these invoicing requirements, see Guide RC4022, *General Information for GST/HST Registrants*.

## How suppliers account for the rebate on their GST/HST returns

A supplier that pays or credits the rebate amount at the point of sale has two options to account for the rebate on its GST/HST return.

The following examples show HST at the rate of 14%.

### Option 1

The supplier can account for the total amount of HST collected or collectible on line 103 of the return and claim an adjustment for the rebate amount paid or credited on line 107.

Sales and other revenue (line 101)	\$550.00	
GST/HST collected or collectible (line 103)	\$77.00	
Adjustments (line 104)	\$ 0.00	
Total GST/HST/adjustments (line 105)		\$77.00
ITCs (line 106)	\$ 0.00	
Adjustment (line 107)	\$49.50	
Total ITCs/adjustments (line 108)		\$49.50
Net tax (line 109)		\$27.50

### Option 2

The supplier can show the net amount as the HST collected or collectible on line 103 and not claim an adjustment for the rebate amount paid or credited on line 107.

Sales and other revenue (line 101)	\$550.00	
GST/HST collected or collectible (line 103)	\$27.50	
Adjustments (line 104)	\$ 0.00	
Total GST/HST/adjustments (line 105)		\$27.50
ITCs (line 106)	\$ 0.00	
Adjustment (line 107)	\$ 0.00	
Total ITCs/adjustments (line 108)		\$ 0.00
Net tax (line 109)		\$27.50

For information on completing a GST/HST return, see Guide RC4022, *General Information for GST/HST Registrants*.

## Additional information

Please refer to the following publications for additional information on other point-of-sale rebates:

- Info Sheet GI-060, *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Newspapers*;
- Info Sheet GI-062, *Point-of-Sale Rebate on Feminine Hygiene Products*;

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- Info Sheet GI-063, *Point-of-Sale Rebate on Children's Goods*;
  - Info Sheet GI-064, *Harmonized Sales Tax for Ontario – Point-of-Sale Rebate on Prepared Food and Beverages*;
  - Info Sheet GI-065, *Point-of-Sale Rebate on Books*;
  - GST/HST Memoranda Series 13.4, *Rebates for Printed Books, Audio Recordings of Printed Books, and Printed Versions of Religious Scriptures*.

### Further information

All **GST/HST technical publications** are available on the CRA website at [www.cra.gc.ca/gsthsttech](http://www.cra.gc.ca/gsthsttech).

To make an **enquiry** on the **GST/HST** by **telephone**, call one of the following numbers:

- for **general enquiries**, call the **Business Enquiries** line at **1-800-959-5525**;
- for **technical enquiries**, call **1-800-959-8287**.

If you are located in **Quebec**, contact **Revenu Québec** at **1-800-567-4692** or visit their website at [www.revenuquebec.ca](http://www.revenuquebec.ca).

The information in this publication does not replace the law found in *the Excise Tax Act* (the Act) and its regulations; it is provided for your reference. As it may not completely address your particular operation, you may wish to refer to the Act or appropriate regulation, or contact any GST/HST rulings centre for additional information. A ruling should be requested for certainty in respect of any particular GST/HST matter. Pamphlet RC4405, *GST/HST Rulings – Experts in GST/HST Legislation*, explains how to obtain a ruling and lists the GST/HST rulings centres.

Reference in this publication is made to supplies that are subject to the GST or the HST. The HST applies in the participating provinces at the following rates: 13% in Ontario, New Brunswick and Newfoundland and Labrador, 14% in Prince Edward Island and 15% in Nova Scotia. The GST applies in the rest of Canada at the rate of 5%. If you are uncertain as to whether a supply is made in a participating province, see GST/HST Technical Information Bulletin B-103, *Harmonized Sales Tax – Place of Supply Rules for Determining Whether a Supply is Made in a Province*.