

Information Bulletin

FT-1

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THE FUEL TAX AND ROAD USE CHARGE ACT

FUEL TAX – GENERAL INFORMATION

This bulletin outlines the fuel tax rates, exemptions and rebates under *The Fuel Tax and Road Use Charge Act* and describes the general requirements for reporting and accounting for fuel taxes on the purchase, importation, exportation and sale of taxable fuel in Saskatchewan. It is a general guide and not a substitute for the legislation.

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A. FUELS AND FUEL TAX RATES

The Fuel Tax and Road Use Charge Act, defines a “fuel” as any combustible gas or combustible liquid that may be used to generate power by means of an internal combustion or turbine engine.

Alternative fuels such as ethanol and biodiesel are included in this definition and must be reported monthly, as with all taxable and exempt fuels. Fuel Tax Returns must be submitted electronically through Saskatchewan eTax Services (SETS). For further information on reporting requirements see Information Bulletin [FT-6, Fuel Tax Remitters Importers Exporters Dealers](#).

The tax rates by type of fuel are as follows:

Type of Fuel	Tax Rate Per Litre*
Gasoline & Gasohol	15¢
Diesel Fuel	15¢
Railway Diesel Locomotive Fuel	15¢
Aviation Gas	1.5¢
Turbo/Jet Fuel	1.5¢
Propane	9¢
Tax Reduced Marked Diesel Fuel	3¢

*A litre means a litre that has been volume adjusted to a temperature of 15 degrees Celsius.

B. EXEMPT AND TAX REDUCED FUEL

1. Marked Diesel Fuel

A farmer or primary producer with a valid **Fuel Tax Exemption Permit** may purchase tax reduced marked diesel fuel for an allowable use or purpose.

- A farmer may use marked diesel fuel in his or her own farming operations, in unlicensed farm machinery and vehicles registered as "Class F" vehicles. (Farmers must use clear diesel fuel where the machinery or vehicles are being used for purposes other than their own farming activities).
- A custom farm operator, with a valid **Restricted Use (Temporary) Fuel Tax Exemption Permit**, may purchase marked diesel fuel when the fuel is purchased and used in unlicensed farm machinery for:
 - The cultivation or tilling of land for crops, animal forage or grazing;
 - The seeding, spraying, irrigating, fertilizing or harvesting of crops and other primary farm products;
 - The loading and unloading of crops for on-farm storage;
 - The raising, breeding, feeding, watering, hauling or segregating of farm animals, poultry, bees and fur bearing animals;
 - Corral cleaning;
 - The collecting and primary processing of eggs, poultry, milk and honey; and,
 - Mobile seed cleaning and mobile grain drying.
- A primary producer of renewable resources (i.e. a commercial logger, fisher or trapper), with a valid **Fuel Tax Exemption Permit**, may purchase tax reduced marked diesel fuel for use in his or her unlicensed equipment, in eligible primary production activities.
- Additional information regarding **Fuel Tax Exemption Permits** is contained in Information Bulletin [FT-4, Holders of Fuel Tax Exemption Permits](#).

2. Marked Heating Fuel

Diesel fuel sold for heating or fuel oil is tax exempt. It must be marked and identified as heating fuel or fuel oil at the time of sale to be sold exempt from tax.

A valid **Fuel Tax Exemption Permit** is required to pick up heating fuel from bulk dealers or from cardlock/keylock facilities. A valid permit is not required if heating fuel is delivered by a bulk dealer into a tank that is used exclusively for heating fuel storage.

Heating means using fuel in a device that contains a burner to produce an open flame, but does not include using fuel:

- To power an internal combustion engine or turbine engine;
- As a means of propulsion;
- For regulating temperature in a trailer or container used for the private or commercial transportation of goods;
- To produce electricity or to power a compressor or pump; or,
- For fabrication processes such as cutting or welding.

Additional information on eligible heating uses is contained in Information Bulletin [FT-4, Holders of Fuel Tax Exemption Permits](#).

3. **Other Exempt Fuels**

Propane is exempt from fuel tax when purchased with a valid **Fuel Tax Exemption Permit** for an allowable use, or when purchased for heating use, unless purchased through equipment used to dispense automotive propane. (For additional information see Information Bulletin [FT-8, Distributors and Vendors of Propane and other LPG Products](#).)

Natural gas used for any purpose is exempt from fuel tax but is subject to PST when consumed in stationary internal combustion engines for the purposes of gathering, processing, storage, transmission and injection. (See Information Bulletin [PST-14, Oil & Natural Gas Producers](#) for additional information on the application of PST to natural gas).

Fuel acquired for use as an eligible injectable substance in enhanced oil recovery (EOR) projects approved by the Ministry of the Economy is exempt. Eligible injectable substance means a substance that is injected into an oil-bearing formation to enhance the recovery of crude oil. Purchasers who paid tax on fuel used in eligible EOR projects may apply for refund.

C. **DISPENSING MARKED DIESEL FUEL**

Marked diesel fuel may only be sold to holders of a valid **Fuel Tax Exemption Permit**, and when dispensed into vehicles licensed for on-road use, may only be dispensed directly into vehicles licensed as “Class F.” Vehicles registered in classes LV, D, C, A, and other categories are ineligible. Marked diesel fuel cannot be used in these vehicles. **Fuel Tax Exemption Permit** numbers can be validated through SETS (sets.saskatchewan.ca) using the Exempt Fuel Sales Reporting (EFSR) menu option.

Invoices must always be issued and a record maintained for all sales of marked diesel fuel. Documents must show the name and **Fuel Tax Exemption Permit** number of the customer.

All exempt or tax-reduced fuel sales must be reported electronically through SETS using the Exempt Fuel Sales Reporting (EFSR) menu option.

D. FUEL TAX REBATES

A commercial user who stores fuel in a single fuel tank and uses the fuel for both taxable and exempt uses must pay the tax at the time of purchase. The person may apply for a refund of tax paid on that portion of fuel that was used for exempt heating purposes. The user must install an inline flow meter between the fuel tank and the heating device to measure, in litres, the volume of fuel used for heating. The meter must be registered and approved by the Ministry of Finance before use.

Tax paid on **fuel used as an ingredient in a manufactured product** is also eligible for a refund.

Tax paid on **fuel used in unlicensed machinery and equipment in qualified mineral exploration activities** may also be eligible for a rebate.

(Please refer to Information Bulletins [FT-11, Fuel Tax Rebate for Mineral Exploration](#) and [PST-14, Oil & Natural Gas Producers](#) for additional information).

E. GASOLINE COMPETITION ASSISTANCE PROGRAM

The Gasoline Competition Assistance Program provides assistance to fuel dealers on taxable gasoline and propane sales in certain locations along the Alberta and Manitoba borders. Information Bulletin [FT-2, Fuel Competition Assistance Program](#) provides more details on this program.

F. LICENSED REMITTER, IMPORTER AND MARKER ALLOWANCES

A licensed marker is eligible for an allowance in the amount of 30 cents per 1,000 litres of fuel marked in accordance with the requirements of the legislation. All persons who mark diesel fuel must become licensed. To apply for a marker licence, please complete and submit a [Fuel Tax Registration Application Form](#). A guaranteed letter of credit or a surety bond may be required as security for the licence.

An allowance for losses of an unverifiable nature and for handling costs may be paid to:

1. A licensed importer in an amount not exceeding 0.25 per cent of the tax-on-tax paid fuel imported into Saskatchewan for delivery to fuel vendors; and,
2. A licensed remitter in an amount not exceeding 0.35 per cent of the tax-on-tax paid gasoline and aviation fuel sales and 0.25 per cent of the tax-on-tax paid diesel fuel sales.

Licensed remitters or importers must pass on to fuel dealers that portion of the allowance that represents a fair distribution of the allowance, considering the losses that are incurred by the fuel dealer.

G. IMPORTING TAXABLE FUEL

Information Bulletin [FT-7, Fuel Importers](#) provides details of reporting and tax payment requirements for importing fuel into Saskatchewan. Unlicensed fuel importers who bring fuel into Saskatchewan on an occasional basis must report the details of the pending importation before the fuel enters the province and pay a deposit equal to the amount of the tax.

Finance will issue a permit as evidence that the importation was reported. A *Fuel Importation Permit* can be obtained through SETS by clicking the “Quick Links” in the bottom right corner and choosing “File a casual tax return”.

If the importer routinely brings fuel into the province, the person may apply to become licensed as an importer. (Security is required as a condition of license). To apply for an Importer's Licence, please complete and submit a [Fuel Tax Registration Application Form](#). A guaranteed letter of credit or a surety bond may be required as security for the licence.

Persons who import fuel in bulk (200 litres or more) for their own use must also report the importation, in advance of importing the fuel; and in the case of clear fuel, pay a deposit equal to the tax. No tax refund or credit is available for fuel imported and then subsequently removed by a consumer.

H. EXPORTING TAXABLE FUEL

Sellers who export fuel products from the province must apply for an exporter's licence or alternatively, must pay the tax and apply for a refund. Licensed exporters may purchase fuel for the purposes of export without paying the tax. Licensed exporters must report monthly, accounting for their acquisitions and dispositions of reportable fuel products on their monthly fuel tax return. To apply for an exporter's licence, please complete and submit [Fuel Tax Registration Application Form](#). A guaranteed letter of credit or a surety bond may be required as security for the licence.

Sellers may apply for a refund (or claim a credit) of the tax previously paid upon providing satisfactory proof that the fuel was exported for resale.

Consumers are not eligible for tax credits or refunds on exported fuel.

Further information on fuel exportation is contained in Information Bulletin [FT-9, Fuel Exporters](#).

I. DIESEL FUEL COLOURING

A licence is required to mark fuel and marking equipment must be inspected and approved before it can be used. There are various options for marking diesel fuel, including installing dye injection equipment at the refinery level or at the bulk plants. Hand dyeing fuel is not permitted.

For more information on fuel marking (colouring) and obtaining a licence to mark fuel, please refer to Information Bulletin [FT-3, Oil Companies and Bulk Fuel Dealers Regarding Marked Diesel Fuel and Marked Heating Fuel](#).

J. **REPORTING TAX EXEMPT AND TAX REDUCED SALES**

All tax exempt or tax-reduced fuel sales must be reported electronically through SETS using the Exempt Fuel Sales Reporting (EFSR) menu option.

Information Bulletin [FT-6, Fuel Tax Licensing and Reporting Requirements](#) describes exempt sales reporting requirements of fuel dealers, including electronic reporting of all tax exempt or tax-reduced fuel sales through SETS using the EFSR menu option.

Information Bulletin [FT-4, Holders of Fuel Tax Exemption Permits](#) provides more information on the allowable uses of marked diesel fuel.

K. **ENFORCEMENT PROVISIONS**

The Revenue and Financial Services Act and The Revenue Collection Administration Regulations provide for several compliance and enforcement activities to help ensure the fair and consistent application of provincial taxes.

Tax Audits, Tax Liabilities and Appeals

The Ministry of Finance (Finance) will audit the records of businesses on a routine basis. When it is determined that tax has not been properly accounted for, the business is assessed the amount of tax owing plus penalty and interest charges.

Please see Information Bulletin [GENERAL-2, Tax Audits, Tax Liabilities and Appeals](#) for detailed information regarding the audit process and your rights and responsibilities in the event Finance establishes a tax liability.

Corporate Director's Liability

In certain circumstances, corporate directors may be held personally liable for taxes payable but not remitted by a corporation. Please see Information Bulletin [GENERAL-2, Tax Audits, Tax Liabilities and Appeals](#) for detailed information regarding the director's liability.

Penalty and Interest

Penalty and interest charges are applied to late tax returns and payments, and audit assessments. These penalties are utilized to promote compliance with our tax acts and to ensure a fair and competitive environment for all Saskatchewan businesses. Please see Information Bulletin [GENERAL-1, Penalty and Interest Charges](#) for details.

Suspension of Licences, Permits or Authorizations

Non-compliance with tax acts administered by Finance may result in the suspension or cancellation of any licence issued by Finance, and the suspension or cancellation of any licence, permit, authorization, registration or approval issued by any other provincial authority relating to carrying on business. Cancellation of a PST vendor's licence would prevent a business from purchasing or selling goods for resale tax exempt.

L. BUYING AND SELLING A BUSINESS

When buying or selling a business, please refer to Information Bulletin [PST 77, *Buying and Selling a Business*](#). This bulletin outlines the Provincial Sales Tax (PST) obligations of the buyer and seller, including the requirement to obtain a Clearance Certificate for the bulk sale of business assets.

The seller must ensure that they have filed all returns, paid all amounts owing on their provincial tax account(s), and requested closure of the account(s) when closing a location or ceasing all operations.

Before finalizing the purchase of a business, the purchaser should obtain a copy of the Clearance Certificate issued by the Revenue Division from the seller. A Clearance Certificate confirms that all taxes collected, payable or for which the seller has become liable to account, have been paid to Finance in full. Failure to obtain a copy of this Certificate could result in the purchaser or seller being held liable for any outstanding taxes unpaid by the seller.

M. CORRESPONDING WITH THE MINISTRY OF FINANCE

When corresponding with Finance, please quote your Fuel Tax account number or Federal Business Number (BN). This helps to ensure that your tax account is updated correctly.

Finance will only release confidential information about your Saskatchewan tax accounts to authorized representatives. A [Business Consent Form](#) must be completed to add or remove a contact from your account.

N. TAX CLIENT SERVICE COMMITMENTS AND STANDARDS CODE

The Revenue Division of Finance is committed to continually strive to improve the standard of the services we provide to businesses and taxpayers, and to be accountable for the quality of the services we provide.

The [Tax Client Service Commitments and Standards Code](#) describes the fairness and service principles that we follow while administering Saskatchewan's taxes and related programs.

O. TAX TIPS LINE

When a business or individual does not comply with provincial tax legislation, businesses face unfair competition, and a burden is placed on all taxpayers who do comply. It causes significant loss in the revenue available to fund services such as health, education and other important government programs.

The Tax Tips Line provides an anonymous, fully confidential way for the public to report businesses or individuals who are participating in tax fraud. If you suspect that a business or individual is being dishonest with their provincial taxes or is misrepresenting their activities to reduce their taxes, you can report them using the Tax Tips Line.

Please visit our website at saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line to find out more regarding types of tax fraud and the information to report, if possible.

The Tax Tips Line is specifically and solely for information related to provincial tax compliance. Any unrelated inquiries or information will not be addressed by the Tax Tips Line and should be directed to the appropriate organization.

How to Report:

- 1) Toll-free 1-833-334-8477
- 2) Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA, SK S4P 2Z6
- 3) [Online Form Submission](#)

P. SASKATCHEWAN eTAX SERVICES (SETS)

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS (sets.saskatchewan.ca):

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- Apply, renew and check status of various Fuel Tax related permits.
- Report exempt or tax reduced fuel sales through the EFSR menu option.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.

- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA, SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

Email: sasktaxinfo@gov.sk.ca

Internet: Tax bulletins, forms and information are available at saskatchewan.ca/business-taxes.

To receive automatic email notifications when this or any other bulletin is revised, go to sets.saskatchewan.ca/subscribe.

To provide feedback or suggest changes to this bulletin, please complete a [Bulletin Survey](#).

Government website: Saskatchewan.ca.