

Information Bulletin

FN -1

Issued: April 2003

Revised: March 2022

FUEL AND TOBACCO TAX REFUND PROGRAM: FIRST NATIONS AND ON-RESERVE RETAILERS

This bulletin describes the requirements and procedures for on-reserve retailers to sell fuel and tobacco products tax free to eligible Status Indian purchasers and to claim a refund of the tax pre-paid on these products.

Changes to this bulletin are indicated by a bar (|) in the left margin.

The contents of this bulletin are presented under the following sections:

- A. Registration
- B. Point of Sale Equipment Requirements
- C. Purchasing Tobacco Inventory
- D. Eligible Purchasers
- E. Tax-Free Tobacco Limits
- F. Tax-Free Fuel Sales
- G. Refunds
- H. Tax Tips Line

A. REGISTRATION

On-reserve retailers may participate in the Fuel and Tobacco Tax Refund Program by meeting the requirements outlined in this bulletin and submitting the following forms, available at www.saskatchewan.ca/fuel-tobacco-refund, to the Ministry of Finance:

- Completed [fuel and tobacco refund program application](#);
- [Fuel Tax Agreement](#) if fuel is to be sold;
- Band Council Resolution authorizing the retailer to sell fuel and/or tobacco products on the reserve (Obtained from the Band Council);
- [Direct Deposit Form](#); and,
- [Business Consent Form](#).

Effective July 1, 2010, the First Nation Tobacco Tax Refund Program was established under *The Tobacco Tax Amendment Act, 2010* and regulations. As a result, a separate agreement is no longer required for tobacco taxes. If there is a conflict between the Act and an agreement entered into before July 1, 2010, the Act prevails.

B. POINT OF SALE EQUIPMENT REQUIREMENTS

Finance requires retailers to submit sales electronically. Several point of sale (POS) systems have been certified for electronic reporting by Finance. Retailers must ensure the system selected, installed and configured is the most current version of the certified POS software and must ensure that their system meets the reporting standards required for their market area.

Retailers report their sales through real time reporting. With real time reporting, exempt sales transactions are communicated to Finance in near real time via high speed Internet. Retailers should contact Finance to confirm the reporting standards required for their market area.

POS systems are used at all on-reserve retailers that are in the Fuel and Tobacco Tax Refund program for real time reporting. Retailers should contact Finance if they have any questions concerning implementation, including the requirements for internet service, POS software and equipment, scheduling or implementation details.

Retailers are responsible for ensuring their POS software and equipment is maintained and remains compliant with current requirements for real time reporting. In addition, retailers must ensure their employees are trained to operate the system and that service and maintenance agreements are maintained with both the store's internet service provider and their POS system supplier.

To select and acquire an approved POS system, retailers may contact any of the dealers in the list available on the internet at www.saskatchewan.ca/fuel-tobacco-refund.

C. PURCHASING TOBACCO INVENTORY

Black Stock Tobacco

Since July 1, 2010, packages of cigarettes and fine cut tobacco that are sold tax free to eligible purchasers must be black stock tobacco. Black stock tobacco consists of packages of tobacco that have a peach coloured federal excise stamp and a peach tear tape on the package indicating "DUTY PAID CANADA DROIT ACQUITTÉ."

On-reserve retailers may only purchase their black stock tobacco from an eligible supplier. It is illegal to purchase black stock tobacco from other sources. If a retailer possesses black stock tobacco on which the tax has not been paid, the tobacco will be seized. Also, if an on-reserve retailer makes a false or misleading statement with respect to a refund application or claim, or has failed to comply with the legislation, Finance may assess a penalty in an amount equal to three times the amount of any overpayment resulting from the refund application.

A list of eligible Saskatchewan suppliers of black stock tobacco is available at www.saskatchewan.ca/fuel-tobacco-refund.

Saskatchewan Marked Tobacco Packages

All packages, cartons and cases of cigarettes and tins of fine cut tobacco that are imported or sold in Saskatchewan must be properly marked for sale in the province. Packages of pipe tobacco, snuff, chewing tobacco, cigars, raw leaf tobacco, and heated tobacco products are not being marked for sale in the province at this time, however these products must still be marked with a federal excise stamp for tax purposes.

Purchase Invoices

When purchasing tobacco for resale, all tobacco purchases must be properly marked for sale or distribution in Saskatchewan. It is the responsibility of the retailer to ensure they have paid the Saskatchewan Tobacco Tax and Fuel Tax to the wholesaler. The retailer must provide their fuel and tobacco purchase invoices to verify that tax was paid on the fuel and tobacco products that they sold tax free to eligible status Indians.

All purchase invoice pages must be clearly legible for processing and include the following:

- Invoice Date;
- Invoice Number;
- Supplier Name;
- Supplier Location
- Store Name (as per the Band Council Resolution Agreement); and,
- Store # (as assigned by The Ministry of Finance).

Retailers are no longer required to provide paper copies of invoices from the following wholesalers for purchases dated after January 1, 2022, as these wholesalers provide a download directly to Finance on the purchases and returned items made by First Nations retailers.

- Pratts Wholesale and Food Services Ltd.
- Wallace and Carey Inc.

Invoices from all other wholesalers, including credit invoices, must be accompanied by a completed Purchase Reporting Cover Sheet available at www.saskatchewan.ca/fuel-tobacco-refund. Purchase invoices should be emailed to revenueprocessing@gov.sk.ca, as soon as they are received by the retailer. This will ensure prompt and complete payment of all eligible sales.

D. ELIGIBLE PURCHASERS

Black stock tobacco may not be sold to individuals who are ineligible for a tax exemption. Only eligible purchasers may purchase and possess black stock tobacco.

Eligible purchasers are Status Indians and Indian bands. In order to receive the tax exemption a Status Indian must present their Certificate of Indian Status card at the time of purchase.

If a person purchases or otherwise possesses unmarked tobacco, including tobacco that is black stock, in contravention of the legislation, the tobacco will be seized. In addition, the person may be charged with an offence or a penalty may be assessed in an amount equal to three times the tax that would have been payable if the tobacco were marked tobacco and were sold to a consumer in Saskatchewan.

Status Indians and Indian bands may only purchase tobacco and fuel tax free for their own use or authorized purposes and not for resale or distribution.

E. TAX-FREE TOBACCO LIMITS

The weekly limit for the on-reserve tax-free purchase of tobacco products by an eligible First Nation purchaser is as follows:

- 200 cigarettes (one carton); or,
- 200 tobacco sticks; or,
- 200 grams of tobacco; or,
- 200 cigars; or,
- A combination of 200 of these tobacco units.

A tobacco unit is considered to be one cigarette, one tobacco stick, one gram of tobacco, one cigar, or one stick, capsule or cartridge of heated tobacco product. In the case of odd size packaging of tobacco grams, a purchaser may purchase up to 219 units tax free per week.

The limits may be exceeded by a reasonable amount if the tobacco is purchased for ceremonial or cultural purposes and the eligible purchaser obtains a permit by following the procedures outlined below under Eligible Tax-Free Tobacco Purchases in Excess of the Weekly Limit.

Over limit sales made without a permit are not eligible for an exemption.

Eligible Tax-Free Tobacco Purchases in Excess of the Weekly Limit

Individuals requiring more than one carton of tobacco tax free per week for ceremonial or cultural use must call a toll free number 1-877-455-7887 to obtain a permit before going to the store to complete their purchase.

If more than 800 tobacco units are being purchased exempt of tax for a ceremonial or cultural purpose, a purchase order or a letter from the band must be provided to Finance.

Individuals who are unable to get to a store regularly may also phone the toll-free number to obtain a permit to purchase up to four weeks supply of tobacco tax free at one time (i.e. weekly limit plus 600 additional units for a total of 800 tobacco units), but they will not be eligible to purchase additional tobacco tax free for the next four weeks.

Retailers no longer need to request or verify the permit number, as their online point of sale system automatically checks and verifies available balances and returns a response, approved or declined.

Retailers processing exempt sales transactions that are having connection issues may request a pre-authorization permit number from the customer. The number can be verified by calling 1-877-455-7887. When calling the toll-free number, retailers will need their RETAILER ID number provided by Finance.

Retailers are responsible for ensuring that the permit numbers provided by their customers are valid. Transactions submitted for a refund with missing or invalid permit numbers will be subject to adjustment.

F. TAX-FREE FUEL SALES

The maximum allowable sale of tax-free fuel is 600 litres per transaction. Retailers will be contacted for additional documentation to support individual transactions that exceed 600 litres. In addition, Finance will monitor and follow-up with retailers on fuel transactions where there is a suspected misuse of tax-free fuel.

G. REFUNDS

To provide fuel and tobacco tax refunds in a timely manner and reduce errors and omissions, retailers submit the details of their tax-free sales transactions electronically to Finance.

Refund payments are scheduled every second week. Details of transactions received electronically prior to Tuesday are included in the bi-weekly payment run providing the retailer's purchase invoices have been processed. This is subject to change due to scheduled or Statutory holidays.

Refunds will only be issued for sales that are substantiated by a corresponding purchase. Any unsubstantiated sales will be carried forward to subsequent payment runs, until purchases have been submitted that reflect the total sales.

H. 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.

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 Tax Tips Line.

Please visit our website at www.sets.saskatchewan.ca to find out more regarding types of tax fraud and the information to report, if possible.

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](#)

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 www.sets.saskatchewan.ca/taxinfo.

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

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

Government website: Saskatchewan.ca