

## Consumer Taxes

**CAR. 12/R2**                      **Solvents or Gasoline Used as a Solvent or as a Cleaning Product**  
**Date of publication:**      **December 20, 2013**

Reference(s):                      *Fuel Tax Act* (CQLR, c. T-1), sections 1 and 9  
   *Tax Administration Act* (CQLR, c. A-6.002), section 21

*This version of bulletin CAR. 12 supersedes the version of December 30, 2008. However, the position set out in the bulletin remains the same. Only some style changes were made.*

This bulletin explains how the exemption under the *Fuel Tax Act* (FTA) in respect of solvents derived from petroleum is applied.

### LEGISLATIVE PROVISIONS

1. According to paragraph (b) of section 9 of the FTA, solvents derived from petroleum constitute a category of fuel that is exempt from the tax provided for in section 2 of the FTA.

### APPLICATION OF THE ACT

2. Solvents are liquids that, given their properties, can be used to dissolve a substance or to dilute certain products. A solvent that is a derivative of petroleum having a specific gravity of 0.8017 or less at a temperature of 15.556 degrees Celsius constitutes gasoline within the meaning of section 1 of the FTA.

3. The exemption under paragraph (b) of section 9 of the FTA applies in respect of all solvents derived from petroleum that are marketed and sold by manufacturers as solvents, regardless of how they are ultimately used. These include domestic solvents, such as the brand-name product Varsol and other products sold as thinners, and a large number of commercial solvents used in various industries, such as the paint, textile and rubber industries.

4. Furthermore, gasoline normally used to supply a propulsion engine may sometimes be used instead as a solvent or cleaning product. In those circumstances, the person who purchases the gasoline must pay the tax. To benefit from the exemption under paragraph (b) of section 9 of the FTA, the person must then apply to the Minister of Revenue for a refund within four years of the date on which the tax was paid, as provided by section 21 of the *Tax Administration Act*.