

Consumer Taxes

CAR. 3/R1 **Refund of the fuel tax in respect of forest operations**
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Reference(s): *Fuel Tax Act* (R.S.Q., c. T-1), s. 10
 Regulation respecting the application of the Fuel Tax Act (R.R.Q., 1981, c. T-1, r.1,
 as amended), s. 10R5

This version of bulletin CAR. 3 supersedes the version of March 28, 1985. The bulletin was revised to include the new definition of “forest operation” that came into force on December 19, 2001. Certain style changes were also made to ensure technical accuracy.

This bulletin explains how the *Fuel Tax Act* (FTA) and the *Regulation respecting the application of the Fuel Tax Act* (RAFTA) apply in respect of the refund of the fuel tax for forest operations.

RELEVANT PROVISIONS OF THE ACT

1. Subparagraph viii of paragraph *a* and subparagraph iv of paragraph *b* of section 10 of the FTA provide that every person is entitled to a refund of the tax that he or she paid on gasoline or non-coloured fuel oil used to operate a motor vehicle that is registered for use exclusively on private land or a private road and is used, inter alia, for forest operations.
2. An application for a refund must be made within the time limit and according to the terms and conditions established by regulation.
3. Furthermore, under paragraph *c* of section 10R5 of the RAFTA, a “forest operation” means the work of cutting, handling and transporting timber carried out in a forest for the purpose of exploiting the forest, as well as the necessary work carried out in a forest in connection with those activities, by a person operating a business. “Forest operation” also includes reforestation work following the cutting of timber, but excludes the processing of timber and all work subsequent to such processing, in a forest or elsewhere.

INTERPRETATION

4. The refund of the tax paid on fuel that was used to operate a motor vehicle is subject to two specific conditions:
 - (a) The vehicle must be registered for use exclusively on private land or a private road.

(b) The vehicle must be used for forest operations.

5. The first condition respecting the registration of the vehicle for use exclusively on private land or a private road is the subject of interpretation bulletin CAR. 1. The reader is therefore referred to the current version of that bulletin. In order for a vehicle to comply with the second condition, it must be used in the course of an activity that falls within the definition of the expression “forest operation” provided for in the RAFTA, that is, an activity carried out in a forest for the purpose of exploiting the forest.

6. The activities that give entitlement to the refund include not only the cutting and transportation of timber in the forest but also the construction and maintenance of access roads, the transportation of fuel and spare parts for forest equipment, and the transportation of personnel in the forest.

7. Furthermore, where a business carries out forest operations and also operates a wood-processing plant in the forest, forest operations end with the transportation of rough timber (logs) to the plant, whether directly to the plant entrance or to the roundwood yard. Subsequent activities are not included in forest operations. Consequently, the tax paid on fuel used for such activities is not refundable.