

# Information Bulletin

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FT-3

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## **THE FUEL TAX ACT, 2000**

### **INFORMATION FOR OIL COMPANIES AND BULK FUEL DEALERS REGARDING MARKED DIESEL FUEL AND MARKED HEATING FUEL**

This bulletin addresses issues related to marking, selling and reporting marked diesel fuel, and marked heating fuel. It is a general guide and not a substitute for the legislation.

*Changes to this bulletin are indicated by a (I) in the left margin.*

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

- A. Marked Diesel Fuel
- B. Sales of Marked Diesel Fuel
- C. Sales of Marked Heating Fuel
- D. Reporting Exempt and Tax Reduced Sales
- E. Saskatchewan eTax Services (SETS)

#### **A. MARKED DIESEL FUEL**

Marked diesel fuel is diesel fuel that is coloured with a red dye in the proportion of 14 parts of dye to one million parts of diesel fuel. Marked diesel fuel also includes diesel fuel that is imported from another jurisdiction that has been marked in accordance with the taxation requirements of that jurisdiction.

All individuals wishing to mark diesel must be licensed to do so. The dye used to mark diesel is supplied by the licensed marker but must meet certain specifications and be approved by the Ministry of Finance. Licensed markers are eligible to receive an allowance in the amount of 30 cents per 1,000 litres of diesel fuel marked in accordance with the requirements of the legislation.

The dye must be applied by a metered mechanical injector system approved by Finance. These systems must be properly maintained to ensure that they are working properly and that the security and integrity of the dye and the injector mechanism is not compromised.

Specifically, steps must be taken to ensure that:

- the dye and injector unit are securely enclosed allowing access to authorized persons only;
- the system is dyeing diesel fuel in the correct proportion;

- the controls are functioning properly such that the pump will not function if dye is not being injected;
- Finance seals are in place at all times; and,
- a *Dye Point Injector Service Report* is filed with Finance within two days of breaking any seal for any reason. Contact Finance by calling 1-800-667-6102 to obtain a Dye Point Injector Service Report.

If marked diesel fuel and clear fuel are accidentally blended in your inventory, please complete and submit an [Accidental Blending Report](#). Contact Finance at 1-800-667-6102 to immediately report the accident. The accident will be investigated and you will be advised of further requirements and the tax consequences.

## B. SALES OF MARKED DIESEL FUEL

Marked diesel fuel may be sold tax reduced to valid ***Fuel Tax Exemption Permit*** holders provided the following conditions are met:

- For all sales of marked diesel fuel an invoice must be completed and retained for audit purposes. All invoices must show the customer's name and address. The permit number must either be on the sales invoice or kept on file. **Invoices stating that the marked diesel fuel was sold as a "cash sale" (without the customer's name and address) are not permitted.**
- Access to marked diesel fuel in a keylock or cardlock facility must be restricted to valid ***Fuel Tax Exemption Permit*** holders.
- Keylock or cardlock pumps used to dispense marked diesel fuel must be clearly marked with the following warning: (Signs are available from Finance)  
"This pump dispenses diesel fuel which has been marked pursuant to Subsection 20(2) of *The Fuel Tax Act, 2000*. This fuel may only be purchased by farmers and primary producers who hold a valid ***Fuel Tax Exemption Permit*** and who use the marked diesel fuel in their farming or eligible logging, fishing or trapping operations."
- Pumps containing marked diesel fuel, other than keylock or cardlock facilities, must have a separate electrical switch or padlock restricting access to employees only and preventing customers from serving themselves.
- Marked diesel fuel dispensed into the tank of a motor vehicle must be restricted to vehicles registered with an "F-Class" licence plate.
- Periodic inventory readings and purchase invoices for marked diesel fuel must be made readily available for inspection.
- All exempt or tax-reduced fuel sales must be reported electronically through SETS using the Exempt Fuel Sales Reporting (EFSR) menu option.
- Permit numbers can be validated through SETS using the EFSR menu option.

**C. SALES OF MARKED HEATING FUEL**

Marked diesel fuel sold for an allowable heating use must be identified as heating fuel or fuel oil at the time of sale, **and** must be:

- (a) Delivered into a tank used exclusively for the storage of fuel used for heating; or,
- (b) Sold to the holder of a valid **Fuel Tax Exemption Permit** or a restricted exemption permit for heating fuel only.

For all sales of marked heating fuel, an invoice must be completed and retained for audit purposes. Invoices must show the customer's name and address. Invoices stating that the heating fuel was sold as a "cash sale" (without the customer's name and address) are not permitted. All exempt or tax-reduced fuel sales must be reported electronically through SETS using the EFSR menu option.

Where heating fuel is picked up rather than delivered a valid permit number must either be on the sales invoice or kept on file.

Access to marked heating fuel at a keylock or cardlock facility must be restricted to valid permit holders only.

Marked diesel fuel sold as heating fuel or fuel oil may not be dispensed directly into the tank of a motor vehicle.

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

All exempt or tax-reduced fuel sales must be reported electronically through SETS using the Exempt Fuel Sales Reporting (EFSR) menu option. This includes dyed diesel fuel and dyed heating fuel reported by licensed remitters, independent bulk dealers, importers and exporters (i.e. purchases made by permit holders). Data received through SETS is used to support the exempt sales and credits being claimed on the generic fuel tax returns.

Finance regularly updates permit holder information and makes that information available to dealers, who can download the permit holder information (file) on a regular basis in SETS using the EFSR menu option.

The EFSR menu in SETS provides fuel dealers with electronic information regarding the permits issued and cancelled, as well as regular updates on the current status of fuel tax exemption permits. Fuel dealers are expected to use this information to determine the permit holder's eligibility and restrict or discontinue exempt sales to the permit holder as required where misuse of an exemption permit is known or suspected.

**E. 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:

- 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 fuel sales through EFSR.
- 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](mailto:sasktaxinfo@gov.sk.ca)

Internet: Tax bulletins, forms and information are available at [www.sets.saskatchewan.ca/taxinfo](http://www.sets.saskatchewan.ca/taxinfo).

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