

Fuel tax credits expanded from 1 July 2008

How fuel tax credits work and the different rates that apply before and after 1 July 2008.

Fuel tax credits provide you with a credit for the fuel tax (excise or customs duty) included in the price of fuel you use in:

- business activities
- machinery
- plant
- equipment, and
- heavy vehicles.

The only fuels that are not eligible are:

- aviation fuels
- alternative fuels such as liquefied petroleum gas (LPG), compressed natural gas (CNG), liquefied natural gas (LNG), ethanol and biodiesel, and
- fuels you use in light vehicles of 4.5 tonne gross vehicle mass (GVM) or less travelling on a public road.

Fuel tax credits were introduced on 1 July 2006 and the entitlement expands from 1 July 2008. This means even if you weren't eligible before, you may be able to claim fuel tax credits for fuel you acquire, manufacture or import for use in your business activities from 1 July 2008.

You must be registered for GST and fuel tax credits before you can make a claim on your BAS. If you are already claiming fuel tax credits, check to see if more of your fuel is eligible.

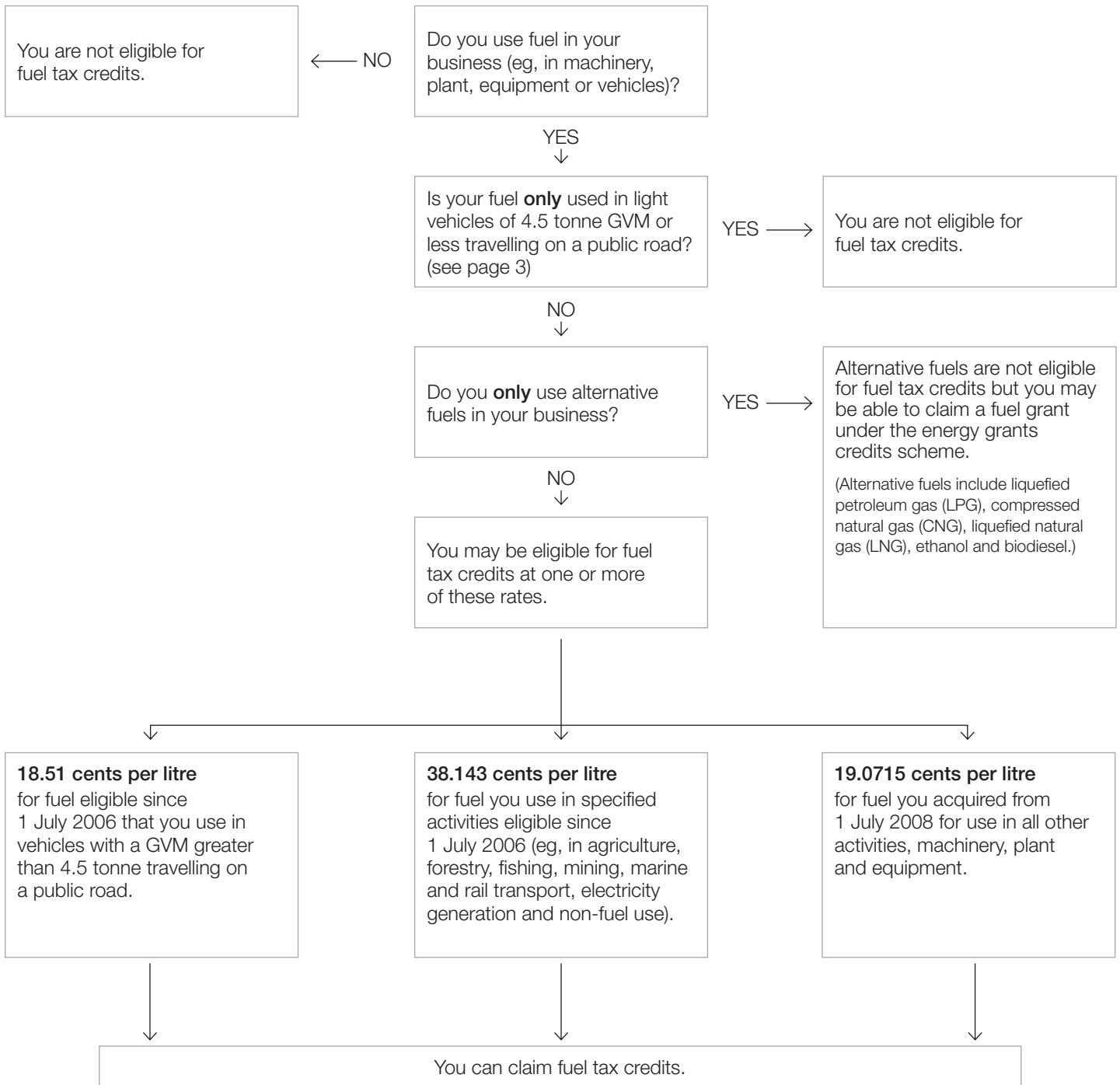
WHAT YOU CAN CLAIM

Once you have registered, you can claim fuel tax credits for most fuel you use in your business. The amount you can claim depends on how you use the fuel. You can claim:

- **18.51 cents per litre** (see page 4) for fuels eligible from 1 July 2006 that you use in vehicles with a GVM greater than 4.5 tonne travelling on a public road (this rate is subject to change – check the latest rate at www.ato.gov.au/fuelschemes).
- **38.143 cents per litre** (see page 4) for fuels eligible from 1 July 2006 that you use in specified activities – for example, in agriculture, forestry, fishing, mining, marine and rail transport, electricity generation and non-fuel use. Other fuels (including petrol) you use in these activities are eligible from 1 July 2008.
- **19.0715 cents per litre** (see page 4) for fuels you acquired from 1 July 2008 to use in all other activities, machinery, plant and equipment. Examples include a wide range of construction, wholesale/retail, property management, and landscaping activities.

⚠ If your fuel tax credits are likely to exceed \$3 million in a financial year, you may need to join the Greenhouse Challenge Plus program (see page 5).

CAN YOU CLAIM FUEL TAX CREDITS?



HOW DO YOU REGISTER FOR FUEL TAX CREDITS?

Your business must be registered for both GST and fuel tax credits before you can claim.

If you are already registered for GST but have not yet registered for fuel tax credits, you can do this by:

- phoning **13 72 26** at any time – make sure you have your Australian business number (ABN) and tax file number handy when you call
- completing the form *Add a new business account* (NAT 2954), or
- phoning **13 28 66** between 8.00am and 6.00pm, Monday to Friday.

If you have an ABN but are not registered for GST, you can register for GST and fuel tax credits at the same time by:

- registering electronically through the Australian Business Register at **www.abr.gov.au** (to use this service you must be registered to deal with us electronically – for more information visit **www.ato.gov.au/onlineservices** or phone **1300 139 051**), or
- completing the form *Add a new business account* (NAT 2954).

➔ To obtain a copy of *Add a new business account* (NAT 2954):

- visit our website at **www.ato.gov.au** or
- phone our publications distribution service on **1300 720 092**.

HOW DO YOU CALCULATE FUEL TAX CREDITS?

There are three steps:

Step 1: work out how many eligible litres of fuel you have used in your business.

Step 2: check what fuel tax credit rate applies to each of your activities (see page 4).

Step 3: work out the amount of your fuel tax credits in dollars by multiplying the number of eligible litres by the relevant fuel tax credit rate (Step 1 × Step 2).

➔ To help you work out your fuel tax credits, use our online calculator at **www.ato.gov.au/fuelschemes**

Activities where you can claim 18.51 cents per litre

This rate is for road transport - that is, motor vehicles with a GVM greater than 4.5 tonne travelling on a public road (see page 4). If you use a heavy diesel vehicle on a public road and your vehicle was manufactured before 1 January 1996, you must meet an environmental criterion to claim fuel tax credits.

For more information on the environmental criteria, refer to *Fuel tax credits for heavy diesel vehicles – guidelines for satisfying environmental criteria* (DOTARS/050054). To obtain a copy, phone **1300 720 092**.

Activities where you can claim 38.143 cents per litre

Certain fuels have been eligible for fuel tax credits since 1 July 2006 when you use them for specified activities in:

- agriculture
- fishing
- forestry
- mining
- marine transport
- rail transport
- nursing and medical
- generation of electricity (business or commercial), and
- non-fuel use (for example, fuel you use in burner applications or as a mould release).

All taxable fuels (including petrol) you use in these activities are eligible from 1 July 2008 (see page 4).

Activities where you can claim 19.0715 cents per litre

Eligibility for fuel tax credits has expanded from 1 July 2008 to include all taxable fuels you use in machinery, plant and equipment for business activities not previously eligible (see page 4). The only exception is fuel you use in light vehicles of 4.5 tonne GVM or less travelling on a public road.

To claim fuel tax credits for these activities, you must have acquired the fuel on or after 1 July 2008. Here are some examples of business equipment you can claim fuel tax credits for:

- all-terrain bikes (off-road use)
- asphalt pavers
- augers
- backhoes
- blower vacuums
- bobcats
- bulldozers
- cement mixers
- chainsaws
- compactors
- compressors
- cranes
- crushers
- dredges
- drills
- excavators
- front end loaders
- graders
- hoists
- lawn mowers
- motorcycles (off-road use)
- outboard motors
- pumps
- rollers
- wacker-packers
- whipper-snippers
- winches

FUEL TAX CREDITS AT A GLANCE

Activity/business use	Eligible fuel	Rate from 1 July 2006 in cents per litre	Rate from 1 July 2008 in cents per litre
In a vehicle greater than 4.5 tonne GVM travelling on a public road (diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne GVM).	All taxable fuels – eg, diesel and petrol	18.51*	18.51*
Emergency vehicles greater than 4.5 tonne GVM travelling on a public road (diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne GVM).	All taxable fuels – eg, diesel and petrol	18.51*	18.51*
Specified activities eligible since 1 July 2006 in: <ul style="list-style-type: none"> ■ agriculture ■ fishing ■ forestry ■ mining ■ marine transport ■ rail transport, and ■ nursing and medical. 	Diesel and fuel oil	38.143	38.143
	All other taxable fuels including petrol	Nil	38.143
Burner applications.	All taxable fuels – eg, diesel, petrol, heating oil, kerosene and fuel oil	38.143	38.143
Non-fuel uses such as: <ul style="list-style-type: none"> ■ fuel you use directly as a mould release, and ■ fuel you use as an ingredient in the manufacture of products. 	All taxable fuels – eg, kerosene, fuel oil, toluene, mineral turpentine and white spirit	38.143	38.143
Packaging fuels in containers of 20 litres or less for non-internal combustion engine use.	Mineral turpentine, white spirit, kerosene and certain other fuels	38.143	38.143
Supply of fuel for domestic heating.	Heating oil and kerosene	38.143	38.143
Electricity generation by a commercial generation plant, a stationary generator or a portable generator.	All taxable fuels – eg, diesel, petrol, heating oil, kerosene, and fuel oil	38.143	38.143
Emergency vessels.	Diesel and fuel oil	38.143	38.143
	All taxable fuels including petrol	Nil	38.143
All other activities, machinery, plant and equipment are eligible from 1 July 2008. Examples of activities are: <ul style="list-style-type: none"> ■ construction ■ manufacturing ■ wholesale/retail ■ property management, and ■ landscaping. 	All taxable fuels – eg, diesel and petrol	Nil	19.0715**

* This rate accounts for the road user charge, which is subject to change. To check the current rate for these activities, visit www.ato.gov.au/fuelschemes or phone 13 28 66.

** The rate of 19.0715 cents per litre is 50% of the full rate of 38.143 cents per litre. The full rate will apply to all these activities from 1 July 2012.

! Fuel is taxable fuel if excise or customs duty is required to be paid on it.

Businesses with more than \$3 million in fuel tax credits

If you are likely to claim more than \$3 million of fuel tax credits in a financial year, you must register for Greenhouse Challenge Plus (GCP) to receive any amounts over this threshold. The \$3 million threshold is calculated differently for GST groups, branches and joint ventures.

Greenhouse Challenge Plus is administered by the Department of the Environment, Water, Heritage and the Arts.

- For more information about GCP:
- refer to *Fuel tax credits and the Greenhouse Challenge Plus program* (NAT 15770)
 - visit the Department of the Environment, Water, Heritage and the Arts website at www.greenhouse.gov.au/challenge – you can also register for the program here, or
 - phone the GCP hotline on **(02) 6274 1229**.

For more information about how GCP works in relation to GST groups, branches and joint ventures, phone **13 28 66** between 8.00am and 6.00pm, Monday to Friday.

RECORD KEEPING

The records you currently keep for your business will generally support your claims to fuel tax credits. Your records must show that you:

- acquired the fuel
- used the fuel in your business, and
- applied the correct rate when working out how much you could claim.

You must keep these records for five years after you make the claim.

MORE INFORMATION

For more information about fuel tax credits:

- refer to
 - *Fuel tax credits for business* (NAT 14584)
 - *Fuel tax credits for heavy diesel vehicles – guidelines for satisfying environmental criteria* (DOTARS/050054),
 - *Keeping records and calculating eligible litres* (NAT 15230), and
 - *Energy grants credits scheme - alternative fuels* (NAT 15227)
- phone **13 28 66** between 8.00am and 6.00pm Monday to Friday, or
- write to us at:

Australian Taxation Office
PO Box 3001
Penrith NSW 2740

To obtain copies of these publications:

- visit our website at **www.ato.gov.au/fuelschemes** or
- phone our publications distribution service on **1300 720 092**.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

OUR COMMITMENT TO YOU

We are committed to providing you with guidance you can rely on, so we make every effort to ensure that our publications are correct.

If you follow our guidance in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our guidance in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest.

If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at **www.ato.gov.au** or contact us.

This publication was current at **April 2008**.