

FREQUENTLY ASKED QUESTIONS

Can I claim fuel tax credits for alternative fuels such as LPG?

No, alternative fuels (which include LPG, LNG, CNG, ethanol and biodiesel) are not eligible for a fuel tax credit until 1 July 2011. However, you may be eligible for a fuel grant under the EGCS.

Can I claim fuel tax credits for petrol used in my tractor and other farm machinery?

No. Petrol is only an eligible fuel for road transport and electricity generation. However from 1 July 2008 fuel tax credits will be expanded to include the following activities:

- petrol, as well as diesel, for use in previously eligible EGCS activities (for example, agriculture, fishing, mining, marine and rail transport) will be eligible for a full fuel tax credit, and
- petrol and diesel, for use in business activities, machinery or equipment not previously eligible under EGCS will be eligible for a 50% fuel tax credit, with a full fuel tax credit available from 1 July 2012.

I use fuel in my business to heat my warehouse, why has the price of the fuel increased?

From 1 July 2006, excise duty applies to most fuels at the rate of 38.143 cents per litre. However if you use fuel in burner applications such as heating you may now be able to claim a fuel tax credit for the excise you pay on your fuel.

Why are there different fuel tax credit rates?

The full fuel tax credit rate of 38.143 cents per litre is not available for all eligible business fuel uses. Where fuel is used in vehicles weighing over 4.5 tonne (diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne) for travelling on public roads a partial fuel tax credit rate of 18.51 cents per litre applies (that is, the full fuel tax credit rate less the road user charge).

How often can I claim my fuel tax credits?

You will claim for fuel tax credits on your business activity statement. The number of business activity statements you receive each year will depend on your GST reporting option. Depending on this option you may report yearly, quarterly or monthly.

Is it possible to claim fuel tax credits more frequently?

You may be entitled to claim fuel tax credits more frequently through the special transitional claiming arrangements if you:

- are a supplier of burner fuels for home heating
- are a packager of fuels, such as kerosene, where the fuel is packaged in containers of 20 litres or less for non-internal combustion engine use
- use fuel other than for use as a fuel (for example, as a solvent or in the manufacture of a non-fuel product), or
- use fuel other than for use in an internal combustion engine (for example, burner fuel use).

These arrangements are only available to eligible businesses that elect to use them before 31 December 2006.

➤ For more information obtain a copy of the fact sheet *Fuel tax credits – special transitional claiming arrangements* (NAT 15649).

Can I lodge my business activity statement, which includes my fuel tax credit claim, electronically?

You can lodge electronically by using:

- the business portal
- Electronic Commerce Interface (ECI) over the internet, or
- Electronic Lodgment Services (ELS) through your registered tax agent.

➤ MORE INFORMATION

For more information on electronic lodgement, visit www.ato.gov.au/onlineservices or phone us on **1300 139 051**.

For more information about fuel tax credits, visit www.ato.gov.au/fuelschemes or phone **13 28 66** between 8.00am and 6.00pm, Monday to Friday.

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The information in this publication is current at September 2006.

NAT15397-09.2006
JS 5967



How to cut your business fuel costs

The new fuel tax credit.



Australian Government
Australian Taxation Office

WHAT ARE FUEL TAX CREDITS?

Fuel tax credits provide businesses with a credit for fuel tax (excise duty) that is included in the price of fuel. Fuel tax credits commenced on 1 July 2006.

AM I ELIGIBLE TO CLAIM FUEL TAX CREDITS?

From 1 July 2006, you can claim fuel tax credits for fuel for use in carrying on your business as follows.

- Petrol or diesel when used in:
 - a vehicle with a gross vehicle mass (GVM) greater than 4.5 tonne travelling on public roads (diesel vehicles acquired before 1 July 2006 can equal 4.5 tonne)
 - electricity generation.

! ADDITIONAL CRITERIA APPLY

- Diesel motor vehicles with a GVM greater than 4.5 tonne need to meet **one** of four environmental criteria. For more information about the environmental criteria visit the Department of Transport and Regional Services website www.dotars.gov.au and go to the *Fuel Tax Credit Heavy Diesel Vehicles: Guidelines for Satisfying Environmental Criteria* link.
 - Farm vehicles used primarily on an agricultural property in a primary production business are excluded from these requirements.
- Diesel only when used in activities (other than road transport) that were previously eligible under the energy grants credits scheme (EGCS). They include:
 - rail or marine transport
 - certain primary production activities (for example, agriculture, fishing and forestry)
 - mining.
 - Fuels (including diesel, petrol, kerosene, heating oil and toluene) when used:
 - in burner applications such as heating
 - for any other non-fuel use, such as a solvent or as an ingredient in the manufacture of other products (for example, paint or plastic).
 - Specified fuels (including kerosene, mineral turpentine, white spirit and certain fuel blends) that are packaged in containers of 20 litres or less and sold for non-internal combustion engine use.
 - Kerosene and heating oil that is sold for domestic home heating.

HOW DO I REGISTER FOR FUEL TAX CREDITS?

All businesses need to be registered for both GST and fuel tax credits before they can claim fuel tax credits.

If you are in business and are already registered for GST, you can register for fuel tax credits by:

- phoning **13 72 26** anytime and providing your details using interactive voice recognition (IVR)
- completing the form *Add a new business account* (NAT 2954), or
- phoning **13 28 66** between 8.00am and 6.00pm, Monday to Friday (you need to be recorded by the Tax Office as an authorised contact person for the entity).

If you are a business, but 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 (ABR) 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 us on **1300 139 051**), or
- completing the form *Add a new business account* (NAT 2954).

HOW DO I CLAIM FUEL TAX CREDITS?

After you have registered, fuel tax credits labels will be included on the first business activity statement you receive. You claim your fuel tax credits on your business activity statement in the same way you claim your GST credits.

HOW MUCH IS THE FUEL TAX CREDIT?

Basically, your fuel tax credit is calculated by multiplying the number of eligible litres by the relevant fuel tax credit rate.

The fuel tax credit rate is determined by the type of fuel and the type of eligible activity it is to be used in. The fuel tax credit rate is set at 38.143 cents per litre however, for fuel that is for use in travelling on a public road the fuel tax credit rate is reduced by the road user charge to 18.51 cents per litre.

Fuel tax credit rates are subject to change. To check the current rates visit www.ato.gov.au/fuelschemes or phone **13 28 66** between 8.00am and 6.00pm, Monday to Friday.

EXAMPLE

Tim has a furniture delivery business and owns a five tonne diesel truck.

He uses the truck to deliver furniture from an inner city warehouse to retail outlets in suburban Sydney. For the period 1 July 2006 to 30 September 2006, Tim purchases 3,000 litres of diesel for his truck. The fuel tax credit rate for his use of diesel is 18.51 cents per litre. Therefore, the amount of fuel tax credit he can claim is \$555.30 (3,000 litres × 18.51 cents per litre).

Tim lodges his business activity statement quarterly. The total fuel tax credit Tim would include on his business activity statement for the September 2006 quarter is \$555.

An electronic calculator at www.ato.gov.au/fuelschemes will help you work out your entitlement.

WHAT RECORDS DO I NEED TO KEEP TO CLAIM FUEL TAX CREDITS?

To support your claims for fuel tax credits, you need to keep details of any transaction, acts, estimates or calculations involving the fuel. This includes records of:

- fuel acquired
- the use of fuel in eligible and ineligible (for example, private use) activities
- the basis and method for calculating the quantity of eligible fuel and your fuel tax credit, and
- any loss, sale or disposal of fuel.

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