

Fuel Tax and Carbon Pollution Pricing Exemptions for Yukon Farmers

There are **two different** tax exemptions that Yukon farmers may apply for:

- a) **Fuel tax exemption permit** - administered by Government of Yukon
- b) **Carbon pollution pricing exemption certificate** - administered by Government of Canada

Yukon Fuel tax exemption:

Fuel tax exemption permits are administered by the Government of Yukon. The Information below is from Yukon.ca:

You can apply for a fuel tax exemption for permitted activities in Yukon. With an exemption permit number, you can get point-of-sale tax exemptions. This applies to eligible fuels at any authorized agent in Yukon.

Before you apply: Make sure your activity is commercial.

- *You must intend to earn a profit.*
- *The common indicator for commercial activity is a reported profit.*
- *We will use Canada Revenue Agency (CRA) benchmarks and tests to confirm that your activity is commercial and will lead to profitability.*

Find an example of a test [here](#). We may ask you to submit a business plan, other financial information, or both. You can submit additional information if you feel it will help you meet a commercial activity test.

To apply for the fuel tax exemption permit, fill out the [application](#).

You may also apply for a [fuel tax refund](#) for fuel that you purchase that was not exempt of tax at the time of purchase and was used to support your farming business. The same eligibility criteria applies for the fuel tax refund as for the fuel tax exemption permit. Applications for refunds must be received within 6 years of fuel purchases.

For more information on Yukon fuel tax exemption permits please refer to Yukon.ca or contact the Tax Administration Branch by e-mail at yk.taxreturns@gov.yk.ca

Important notes:

- Yukon does not recognize dyed fuel (purple gas) as non-taxed fuel. Custom or contract farming activities are not eligible for the fuel tax exemption permit.
- In a lease arrangement, the farmer (tenant) may apply for the fuel tax exemption permit. You will be asked to provide lease agreement or arrangement documents to support your application in this case. The landowner (landlord) is not eligible for the fuel tax exemption permit, unless the landowner also carries on commercial farming on a property.
- If your farming business has shown consecutive losses for several years, you will have the opportunity to submit a business plan that shows there is reasonable expectation of profit.
- Tax exemption is only available on fuel that is used in equipment utilized in activities directly related your farming business.
- Subsistence farming is not considered a commercial activity for the purpose of fuel tax exemption.

Federal Carbon pollution pricing exemption certificate:

On July 1, 2019, the federal carbon pollution pricing system came into effect in Yukon. Farming businesses are eligible for an exemption certificate that grants them relief from fuel charges at delivery. The exemption certificate is presented to the supplier at the time of fuel delivery.

To apply for an exemption certificate, fill out the Federal [application](#).

For more information on completing the application you can contact the **Canada Revenue Agency, Northern Service Centre at 1-866-426-1527**

Important notes:

- The exemption certificate is only valid for fuel delivered to the farm or purchased at a cardlock facility that is registered as a distributor.
- Only gasoline and light fuel oil (ex. diesel) are eligible for the fuel tax exemption.