

# FUEL SUBSIDIES

## GENERAL FUEL SUBSIDIES FROM JULY 2000

Issued: November 2004

Revenue Circular FS 002

### TERRITORY REVENUE MANAGEMENT

Postal Address: Commissioner of Taxes, GPO Box 154, Darwin NT 0801  
Office Location: Commissioner of Taxes, 38 Cavenagh Street, Darwin NT  
Website: [www.nt.gov.au/ntt/revenue](http://www.nt.gov.au/ntt/revenue)

Telephone: (08) 8999 7949  
Facsimile: (08) 8999 5577  
Email: [ntrevenue.ntt@nt.gov.au](mailto:ntrevenue.ntt@nt.gov.au)

**This Circular has been replaced by Revenue Circular FS 003**

#### Purpose of this Circular

1. The purpose of this circular is to advise of:
  - recent changes to the Territory's fuel subsidy arrangements which result in the continuation of the general fuel subsidy of 1.1 cents per litre (cpl) for petroleum (motor spirits) and diesel used for **on-road purposes**; and
  - the procedures for claiming the on-road diesel subsidy by bulk end users.

#### General Subsidy for Petroleum (Motor Spirits)

2. A subsidy of 1.1cpl (reduced by the amount it has been subsidised by another State or Territory, if applicable) will be paid to a fuel supplier who makes the "initial supply" of petroleum (motor spirits) in the Territory. In most cases, the subsidy recipients will be oil companies who must pass on the benefit of the subsidy through to their customers via subsidised (reduced) prices.
3. The scheme commenced in relation to petroleum (motor spirits) supplied from 5 July 2000.

#### General Subsidy for Diesel Used in Road Vehicles

4. A subsidy of 1.1cpl (reduced by the amount it has been subsidised by another States or Territory, if applicable) will be paid to a fuel supplier in relation to diesel supplied to a **fixed retail outlet** (eg a service station) in the Territory. The fuel supplier does not qualify for the subsidy for its sales to other customers (such as other fuel suppliers or bulk end users). Those persons must apply directly to Territory for the subsidy.
5. The scheme commences in relation to diesel supplied on or after 17 July 2000.

#### Subsidy Claims by Bulk End Users of Diesel used for on-road purposes

6. A subsidy of 1.1cpl is available to persons who purchase diesel for use in a road vehicle from a fuel supplier other than from a fixed retail outlet. Such persons must apply for the subsidy in an approved form to Northern Territory Treasury (Revenue Management Division). The scheme commences in relation to diesel supplied on or after 17 July 2000.
7. The conditions and eligibility criteria for claiming the subsidy are as follows:
  - applications must be made in an approved form. The initial application must provide details to satisfy the extent of the diesel used or to be used in road vehicles. Subsequent applications must provide details of any change in usage or the addition or disposal of any equipment that alters the percentage of diesel used in road vehicles last claimed. The application form for claiming the subsidy can be obtained from our website ([www.nt.gov.au/ntt/revenue](http://www.nt.gov.au/ntt/revenue)) or by telephoning (08) 8999 7949.
  - The diesel must be purchased directly from a fuel supplier **other than from a fixed retail outlet**. Diesel acquired from a fixed retail outlet is already subsidised and thus does not qualify for further subsidy.

- The diesel must be delivered to the applicant in the Northern Territory.
- The amount of the subsidy will be reduced by the amount that the diesel has been already subsidised under this scheme or a corresponding scheme of another State or Territory (if applicable).
- The diesel must be used in a road vehicle (see general definitions below). It does not matter if the vehicle subsequently travels interstate (ie. the full subsidy applies providing the diesel was delivered to the applicant in the Territory).
- Applications are to be made on a quarterly basis or can be made more frequently where a minimum of 20,000 litres of diesel had been purchased. In all cases, applications must be made by no later than three years after the diesel has been supplied to the applicant. Applications may be made in advance of actual use of the diesel.
- Applicants must agree (included in the application form) to repay the subsidy if the diesel is not used for on-road purposes.
- Applicants must retain records of diesel in respect of which a subsidy has been claimed for a period of 3 years and agree (included in the application form) to make them available to officers of the NT Treasury upon request.

### **Cessation of the Territory's off-road diesel subsidy and extended Commonwealth Fuel Schemes**

8. As part of the national tax reform arrangements, the Commonwealth has taken over the tax concessions for off-road diesel from 1 July 2000. The Commonwealth has extended its off-road Diesel Fuel Rebate Scheme, and required States and Territories to cease their off-road diesel subsidy schemes. As such, the Territory's off-road diesel subsidies ceased to apply in relation to supplies of diesel made on or after 1 July 2000.
  - For further details on the Commonwealth's extended scheme, contact the ATO's Diesel Fuel Hotline on 1300 657 162 or visit its website on [www.taxreform.ato.gov.au](http://www.taxreform.ato.gov.au).

### **General Definitions**

9. **Fixed Retail Outlet** – a structure that is permanently affixed to land from which fuel is sold by retail to final consumers predominantly into supply tanks of road vehicles by a metered pump. As such, an outlet that supplies diesel predominantly to marine vessels does not meet this definition.
10. **On-Road Use** – Diesel used to propel a road vehicle and includes:
  - diesel used by the diesel engine of such a vehicle to operate equipment on the vehicle (ie. hydraulics for a hoist); and
  - diesel drawn from a supply tank on such a vehicle that also supplies diesel for purposes other than for propelling the vehicle (ie. a refrigeration unit).
11. **Road Vehicle** – means a vehicle designed solely or principally for transporting people or things by road but does not include a vehicle in respect of which a pastoral vehicle permit under section 137B of the *Motor Vehicles Act* is in force.

### **Further Information**

12. For further information, contact the office at the above address or telephone (08) 8999 7949.

COMMISSIONER OF TAXES