PCG 2019/2 - Fuel tax credits - practical compliance methods for farmers in disaster affected areas

Australian Government
Australian Taxation Office

Practical Compliance Guideline
PCG 2019/2

Fuel tax credits – practical compliance methods for farmers in disaster affected areas

Relying on this Guideline

This Practical Compliance Guideline sets out a practical administration approach to assist taxpayers in complying with relevant tax laws. Provided you follow this Guideline in good faith, the Commissioner will administer the law in accordance with this approach.

Table of Contents **Paragraph**

What this Guideline is about

1. In meeting their fuel tax credit obligations an entity must:

- calculate the number of litres of taxable fuel they acquired in the tax period, and
- identify the rate of the fuel tax credit in force on the day the taxable fuel was acquired.

2. These requirements can result in an additional compliance burden for entities in the agricultural industry when affected by natural disasters. To alleviate some of the burden, this Guideline provides some acceptable, practical compliance methods to assist these claimants in meeting their obligations.

Date of effect

3. This Guideline applies to tax periods for which an activity statement lodgment and payment deferral has been granted due to a natural disaster.

Which entities are covered by this Guideline?

4. This Guideline applies to an entity that has:

   (a) Australian and New Zealand Standard Industrial Classification 2006 (ANZSIC) codes representing that entity's business operations in a postcode for which an activity statement lodgment and payment deferral has been granted due to a natural disaster (refer to Appendix 1 of this Guideline), and

   (b) an entitlement to fuel tax credits for taxable fuels acquired for use in carrying on an enterprise under section 41-5 of the *Fuel Tax Act 2006* (FTA).

5. The criteria in paragraph 4(a) of this Guideline determines who is an 'affected claimant' for the purposes of applying the compliance methods outlined in this Guideline.

6. This Guideline does not apply where the disentitlement rules of Subdivision 41-B of the FTA apply to the taxable fuels and, in particular, to taxable fuel acquired for use:

- in a vehicle with a gross vehicle mass (GVM) of 4.5 tonnes or less travelling on a public road, or
- where the environmental criteria have not been met in a diesel vehicle used on a public road with a GVM greater than 4.5 tonnes that is not used primarily on an agricultural property in carrying on a primary production business.

What are the accepted methods?

7. The accepted methods set out:

- how an entity can work out litres of taxable fuel acquired in the tax period, or
- the day on which **all** taxable fuel is taken to be acquired in the tax period.

8. An affected claimant entity may choose to use one or both of these methods.

Method 1 – working out litres of taxable fuel acquired in the tax period

9. This method allows an affected claimant entity to work out the number of litres of fuel acquired using the following formula:

$$\textbf{Litres acquired in the tax period} = \frac{\textbf{Total \$}}{\textbf{Average GST-inclusive price of fuel}}$$

Total $ means the total dollar spend on taxable fuel during the tax period.

Average GST-inclusive price of fuel for the tax period is the average fuel price for the relevant fuel type in your area of operation as shown on the Australian Institute of Petroleum (State and National prices) website (aip.com.au/pricing/pump-prices)

Method 2 – determining the day on which all taxable fuel is taken to be acquired in the tax period

10. Where there is a change in the rate of fuel tax credit in a tax period because of indexation, it will be accepted that all the fuel was acquired on the last day of the tax period.

11. The fuel tax credit rate for all the taxable fuel acquired during the tax period in Appendix 1 of this Guideline will then be the one rate.[1]

Commissioner of Taxation
22 March 2019

[1] If the affected claimant entity uses the Fuel tax credit calculator simply total the eligible litres for the period and use the rate that is current on the last day of the activity statement period to work out the claim.

Appendix 1

Tax periods and postcodes applicable

12. For all taxable fuel acquired for use in carrying on your enterprise in an affected postcode during the tax periods, see the lodgment and payment deferral information for natural disasters.

Affected ANZSIC codes

13. The affected claimant entities are involved in cultivation or gathering in of horticulture, grains and crops and also the breeding and rearing of livestock and other farm animals. The affected ANZSIC codes are Subdivision A – 01 Agriculture (codes 011 to 019) listed below.

Code	Description
011	Nursery and Floriculture Production
012	Mushroom and Vegetable Growing
013	Fruit and Tree Nut Growing
014	Sheep, Beef Cattle and Grain Farming
015	Other Crop Growing, for example sugar cane, cotton
016	Dairy Cattle Farming
017	Poultry Farming
018	Deer Farming
019	Other Livestock Farming, for example horse, pig, beekeeping

References

Previous draft:
Not previously issued as a draft

ATOlaw topic	Excise ~~ Fuel tax credits ~~ Reporting
Legislative references	Fuel Tax Act 2006 FTA 41-5 FTA Subdiv 41-B FTA Div 65
Other references	aip.com.au/pricing/pump-prices Fuel tax credit calculator
ATO reference	1-HDLK39I
ISSN	2209-1297
BSL	ITX