



## HOW TO CUT YOUR BUSINESS FUEL COSTS - THE FUEL TAX CREDIT

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.

Businesses can claim fuel tax credits for the following fuels when used under specific circumstances. They are:

- 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). These vehicles however must meet one of four environmental criteria. For more information about the environmental criteria go to the Department of Transport and Regional Services website [www.dotars.gov.au](http://www.dotars.gov.au)
- Electricity generation.
- 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.

Note farm vehicles used primarily on an agricultural property in a primary production business are excluded from these environmental requirements.

All businesses need to be registered for both GST and the fuel tax credits before they can claim fuel tax credits. Once registered, businesses can claim fuel tax credits on their business activity statement in the same way they claim GST credits.

To calculate the fuel tax credit multiply 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 for. 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 18.51 cents per litre.

As fuel tax credit rates are subject to change, visit [www.ato.gov.au/fuelschemes](http://www.ato.gov.au/fuelschemes) or phone the ATO on 13 28 66 between 8am - 6pm, Monday to Friday to check the current rates.

To support claims for the fuel tax credits, keep details of:

- The 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 the fuel tax credit, and
- Any loss, sale or disposal of fuel.

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

