

## Liquefied Natural Gas (LNG) Status Update

**LNG Goal** - As part of the Jobs Plan, the government has committed to a goal of 3 LNG plants in operation by 2020. (Originally the government also committed to working with LNG export proponents to bring at least one LNG pipeline and terminal online by 2015. This commitment is not included in the updated Jobs Plan.)

**LNG Income Tax** - In the fall of 2014 British Columbia met its commitment to put in place a competitive LNG income tax. The *Liquefied Natural Gas Income Tax Act* was introduced in the Legislature on October 21, 2014 and received Royal Assent on November 27, 2014. The LNG Income Tax is effective for taxation years starting in 2017. It imposes a 3.5 per cent tax on net income from liquefaction activities at an LNG facility in BC. This rate rises to 5 per cent in 2037. Legislation setting out other components, including administration and enforcement provisions, will be introduced in the spring of 2015.

**LNG and GHG Emissions** - The *Greenhouse Gas Industrial Reporting and Control Act* also received Royal Assent on November 27, 2014. This legislation establishes greenhouse gas emission targets that will make B.C. LNG facilities the cleanest in the world. As well, an LNG Environmental Incentive Program was introduced to provide a pro-rated incentive to facilities as they work toward achieving the established benchmark.

**First Nations and LNG** - The Province is ensuring that First Nations communities can participate in and benefit from B.C.'s LNG opportunity through a variety of revenue-sharing and benefits agreements.

- In the last few months, the Province has signed 11 pipeline benefit agreements with 19 First Nations related to LNG development. These agreements will provide initial one-time payments totaling close to \$5.1 million, plus additional amounts as project milestones are reached.

**LNG Proposals** - Currently there are 18 LNG export projects proposed in B.C.

- 10 have approved export licenses from the National Energy Board<sup>s.21</sup>
- 6 LNG Projects have received Provincial Environmental Assessment Certificates (two export facilities and four natural gas pipelines).
- The Province is working directly with LNG proponents to finalize project development agreements that will provide them with the certainty required to make final investment decisions.
- Ultimately, LNG proponents will make their final decisions based on economic and market factors outside of the Province's control, such as global energy prices.

**Domestic LNG Investments** - In addition to the export projects, there are 2 domestic LNG facilities currently operating in BC - s.21

**LNG for BC Ferries** - As part of the Jobs Plan, the Province is working to grow the market for LNG as a transportation fuel. The announcement on Feb 2, 2015 that FortisBC will provide up to 300,000 gigajoules of LNG per year for the next 10 years to fuel BC Ferries will result in the reduction of an

estimated 9,000 metric tonnes of carbon dioxide equivalent per year, the same as taking 1,900 passenger vehicles off the road annually.

**LNG-Buy BC** – This program was launched in 2014 to ensure that small and medium-sized businesses can take advantage of LNG opportunities and has delivered 18 workshops, attended by more than 600 companies.

- 100 companies – including 13 Aboriginal-owned businesses – exhibited at the 2014 International LNG in BC Conference Trade Show.

**LNG electricity rate** – In November 2014, the Province announced the price LNG proponents will have to pay for electricity from the BC Hydro grid. The starting price will be \$83.02 per megawatt hour, almost \$30 higher than the average paid by other industries — ensuring that existing BC Hydro customers won't have to subsidize the new industry. An escalator clause will boost the rate to about \$97 starting in 2023.

- Based on these rates, s.21 has signed an agreement with BC Hydro to use clean, renewable electricity for all auxiliary power needed to operate its proposed LNG export facility in s.21 (natural gas turbines will drive the compressors used to chill natural gas into liquid form).

**Natural gas transportation tariff** - Government has introduced a natural gas transportation tariff that establishes the rate for LNG proponents and large-volume natural gas customers, including s.21 s.21 The rate ensures that large industrial proponents will cover the full cost of the new investment and operational costs to serve them in addition to a portion of the costs of the existing system.

# LNG Environmental Incentive Program

Deputy Ministers Committee on Liquefied Natural  
Gas

September 18, 2014

# Issue

---

- The LNG industry is concerned that meeting the Cabinet approved benchmark of 0.16 tonnes CO<sub>2</sub>e per tonne of LNG will impose costs on their operations that will affect their competitiveness.
- The Ministry of Environment is proposing an “LNG Environmental Incentive Program” to encourage BC’s LNG industry to make best efforts to achieve the benchmark and minimize GHG emissions.



# Summary

---

• s.12

•

•

•

# Background

---

- As part of government's commitment to ensure BC's LNG facilities are the cleanest in the world, Cabinet approved a performance benchmark of 0.16 tonnes CO<sub>2</sub>e per tonne of LNG produced.
- Facilities not meeting the benchmark may purchase BC-based offsets or contribute \$25/tCO<sub>2</sub>e to a technology fund.
- The LNG industry is concerned that the costs to meet the greenhouse gas benchmark will affect their competitiveness.

# Discussion

---

s.12

- 
- 
- Payments under an LNG Environmental Incentive Program would be made at the end of the fiscal year following collection of corporate, LNG and carbon taxes. Incentives would be based on actual compliance costs for offsets or technology fund contributions.

# Discussion

---

- Eligibility for the Incentive Program would be based on performance.
- [NTD: Incentive bar chart goes here]

# Discussion

---

- Forecast incentive payments
- [NTD: table of expected facility emissions intensity and forecast costs goes here]

# Policy Assessment

---

- Delivers on BC's commitment to address competitiveness.
- Incentivizes investment in advanced technology and rewards achievement of world leading performance.
- Would not affect current fiscal plan--no payments would be made before 2019.
- s.12
- Legislation is not required.
- No labour relations, legal or constitutional implications.
- No First Nations treaties or negotiations implications.

# Recommendation

---

s.12,s.13



**Issue:**

Whether to fulfil BC's commitment to "the cleanest LNG facilities in the world" as it relates to greenhouse gas emissions by establishing a Greenhouse Gas Benchmark.

s.12

**Implications and Considerations:**

s.12



## Background / Context:

Globally, increased use of low-cost natural gas is increasingly viewed as a positive contribution to global action on climate change. Jurisdictions such as China and the US have decided to shift from coal to natural gas powered electricity as a means to improve local air quality and take climate action, and as a result are seeing significant results in their overall greenhouse gas emissions. As the cleanest burning fossil fuel, natural gas also provides a key opportunity to reduce transportation emissions.

s.12

BC's revenue neutral carbon tax places a significant incentive on LNG facilities to reduce their emissions however it is not currently high enough to result in a switch to clean energy. Given that the carbon tax is frozen, and BC is not proceeding with cap and trade at this time, a benchmark targeted to LNG facilities provides an additional incentive to reduce emissions by greater use of clean energy, while providing the flexibility to use offsets to invest in emission reduction projects across BC.

Because BC LNG facilities will be using the latest technologies, even those powered by natural gas may already be the "cleanest in the world".

s.12,s.13

Page 14

Withheld pursuant to/removed as

s.12

Australia, will likely be the world's largest LNG producer by 2020, has an industry wide carbon price in place. With an emissions benchmark, BC would have an effective carbon price of approximately \$23.33/tonne compared to Australia's \$13.85/tonne. BC would continue to have an "all-in" tax and carbon cost advantage.

s.12,s.13

## Conclusion

s.12,s.13

s.12

Options:

1) s.12,s.13

Pros:

s.12,s.13

Cons:

s.12,s.13

2) s.12,s.13

Pros:

s.12,s.13

Cons:

s.12,s.13

s.12,s.13  
3)

Pros

s.12,s.13

Cons

s.12,s.13

**Fiscal Impacts:**  
s.12,s.13

**Policy:**  
s.12,s.13,s.16

**Legislation:**  
s.12,s.13

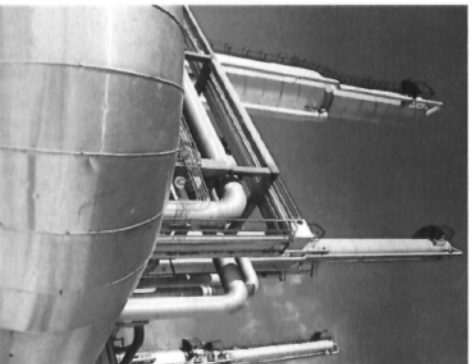
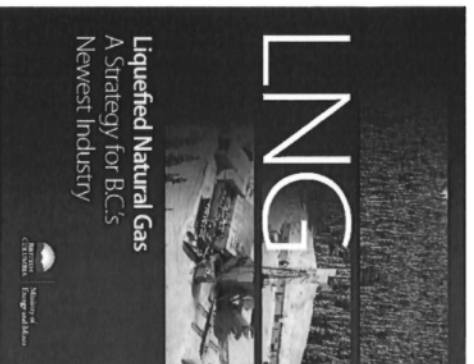
**Stakeholder and Citizens:**  
s.12,s.13

# BC's Leadership on LNG and Climate Action

## DRAFT for Cabinet LNG Working Group



**CONFIDENTIAL**  
Advice to Cabinet <sup>1</sup>



# Our Leadership on LNG

## Our commitment

- Bring the LNG opportunity home
- Create a legacy for all British Columbians

## What we can accomplish

- 39,000 construction and 75,000 operations jobs
- \$1 Trillion in GDP cumulatively over 30 years
- Government revenue to create a Debt Free BC



# Our Leadership on Climate Action

## Our Track Record:

- Revenue Neutral Carbon Tax most comprehensive carbon price in North America
- 1<sup>st</sup> Carbon Neutral Government in North America
- 95% of local governments signed Climate Action Charter
- 93% clean and renewable standard makes us one of cleanest electricity systems in North America
- Vehicle standards now federal regulation in US and Canada
- Low carbon fuel standard adopted broadly across US and Canada
- Achieving climate action through BC Jobs Plan/ Green Economy

Our accomplishments:	
✓	Emissions down 5.8% ...while population and GDP grew
✓	Fossil fuel use down, and by more than Canada
✓	Growing green economy: <ul style="list-style-type: none"><li>– 20% of Canadian LEED gold buildings since 2007</li><li>– Twice Canadian rate of hybrid vehicle adoption</li><li>– 48% growth clean tech sectors sales</li></ul>

# The Challenge: Natural Gas can be a Climate Solution



- Globally, natural gas a transition fuel to low carbon economy
- In BC, natural gas a cleaner fuel for heavy duty vehicles

s.12



# Our Commitment:

**“Ensure BC’s LNG facilities are  
cleanest in the world”**



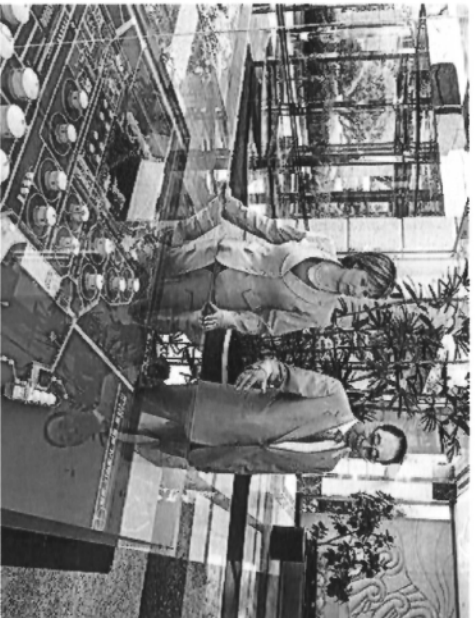
## **An approach for greenhouse gas emissions can:**

- Set a clear global leadership position
- Provide certainty to industry on costs
- Inform environmental assessment process
- Buy some time on upstream emissions
- Incent greater use of clean energy
- Link LNG development to climate action and economic opportunities across BC

Page 24 to/à Page 27

Withheld pursuant to/removed as

s.12



## Current Policy Context

- Carbon Tax frozen for five years
- BC not implementing cap and trade on same timelines as Quebec and California
- No additional costs on upstream production
- LNG separated from electricity policies:
  - 93% clean and renewable
  - zero-net emission electricity

Page 29 to/à Page 34

Withheld pursuant to/removed as

s.12

## What we can say

- LNG is part of global effort to take action on climate change
- At same time, producing LNG will have significant impact on BC's emissions – largely after 2020
- BC's benchmark will ensure our LNG facilities are the cleanest in the world
- This will create an incentive today, in addition to the carbon tax, for greater use of clean energy
- It will also create a means for LNG facilities to invest now in climate action projects across BC
- With world-leading environmental policies, as well as world-leading business solutions like LNG, BC can make a significant contribution to the global efforts on climate action

## **Foy, Anne FIN:EX**

---

**From:** Minishka, Bridget L FIN:EX  
**Sent:** Tuesday, June 18, 2013 4:03 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: PST and LNG

Okay. Thanks for the info.

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 18, 2013 3:57 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** RE: PST and LNG

I have looked into this and have discussed with Paul.

Revenue has done some rulings to date on both MFT and PST application.

The meeting will be to ensure that we have a common understanding of things like: the point at which natural gas becomes a marketable product and similar interpretation issues.

Contractors have done a lot of work to date on LNG operations and I do not think there is much further background research required at this point.

Once each proponent finalizes their plans (each appears to be slightly different in terms of operations and plant configurations) then there may be specific questions on when and how MFT and PST apply to specific stationary engines or specific pieces of machinery and equipment.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Minishka, Bridget L FIN:EX  
**Sent:** Tuesday, June 18, 2013 3:18 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: PST and LNG

Anne  
Have you looked into this at all (or know if anyone else in tax policy has)? If not, I am thinking of getting Micah to assist with the background research into LNG operations in conjunction with CTB and the types of inquiries they have received to date.

--Bridget

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, June 17, 2013 11:37 AM  
**To:** Foy, Anne FIN:EX; Minishka, Bridget L FIN:EX; Flanagan, Paul FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** PST and LNG



We are starting to see a few more questions about whether LNG operations will qualify for the PM&E exemption. To date we have just said that the ministry will be looking at this in the near future and will provide more information then. However, we definitely need to start looking more specifically as to what types of processing will actually occur and have discussions with Tax Policy as to the interpretation and answers we provide. I will set up some time for some initial discussions. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**Foy, Anne FIN:EX**

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 9:47 AM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** s.17,s.21

I think you have seen all this before. We will need to respond at some point. Could you give some thought to how to provide the Ministry's views bearing in mind that all the proponents will want to know the current treatment of PST and some might actually qualify for the exemption.

Paul

**From:** s.17,s.21  
**Sent:** Tuesday, July 30, 2013 4:41 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Page 004

Withheld pursuant to/removed as

s.21;s.17

Page 005 to/à Page 046

Withheld pursuant to/removed as

s.21;s.13;s.17

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, July 31, 2013 1:23 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Goss, Jordan T FIN:EX; Minishka, Bridget L FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,

As discussed, here are the bullets Jordan and I have prepared:

- When ready, the ruling request should be sent to our rulings section at: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca).
- Here is a general overview of the exemption from PST available to oil and gas processors:
  - If machinery and equipment is being used in a processing plant or refinery before the natural gas has become a marketable product and all other conditions for exemption have been met, the machinery and equipment will qualify the exemption under the PSTA.
  - Machinery and equipment used to change natural gas from a gaseous state to a liquid state by means of a change in temperature or pressure does not qualify for the exemption unless that activity is combined with another activity (which is not an excluded activity) and occurs in the processing plant before the natural gas has become a marketable product.
  - Once the natural gas has become a marketable product then none of the machinery and equipment used in relation to that natural gas qualifies for the exemption; regardless of how the machinery and equipment is used.
  - The fact that marketable natural gas may be subject to further processing after it has become a marketable product does not change that, prior to that further processing, the natural gas had already become a marketable product.
  - Natural gas whether naturally occurring, or resulting from processing , that could be sold for direct consumption as domestic, commercial fuel or as an industrial raw material is marketable natural gas.
  - The point at which natural gas becomes a marketable product is a question of fact and may vary from processing plant to processing plant.

Couple of additional points for you:

s.13

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 9:47 AM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

I think you have seen all this before. We will need to respond at some point. Could you give some thought to how to provide the Ministry's views bearing in mind that all the proponents will want to know the current treatment of PST and some might actually qualify for the exemption.

Paul

**From:** s.17,s.21  
**Sent:** Tuesday, July 30, 2013 4:41 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul  
s.17,s.21

Page 049

Withheld pursuant to/removed as

s.21;s.17

## Foy, Anne FIN:EX

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 2:55 PM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** Scanned from a Xerox multifunction device.pdf

Here is the first ruling request. Can I tell him that it should go to rulings, but that I will ensure it is passed on to the correct department immediately or do they have to resubmit it?

**From:** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
We would be very pleased to meet with you to discuss this application and provide any additional support as required.  
Thank you for your attention to this matter.

s.17,s.21

**From:** s.17,s.21  
**Sent:** Tuesday, July 30, 2013 5:41 AM  
**To:** [Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)  
**Cc:** s.17,s.21  
**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul



Page 051

Withheld pursuant to/removed as

s.21;s.17

Page 052 to/à Page 055

Withheld pursuant to/removed as

s.13;s.17

## **Foy, Anne FIN:EX**

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:25 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.13

Paul

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:24 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:22 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.13

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:20 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Yes.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:18 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Thanks. Could you also send his other email with all the attachments?

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:16 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

I have sent it to the mailbox.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 2:55 PM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Here is the first ruling request. Can I tell him that it should go to rulings, but that I will ensure it is passed on to the correct department immediately or do they have to resubmit it?

s.17,s.21  
**From:** \_\_\_\_\_  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21

**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,

Formal ruling request enclosed.

We would be very pleased to meet with you to discuss this application and provide any additional support as required.

Thank you for your attention to this matter.

s.17,s.21

**From:** s.17,s.21

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** Paul.Flanagan@gov.bc.ca

**Cc:** s.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Page 059

Withheld pursuant to/removed as

s.21;s.17

**Foy, Anne FIN:EX**

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 4:44 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** s.17,s.21

Another document related to s.17,s.21 request for a ruling.

s.17,s.21  
**From:**  
**Sent:** Wednesday, July 31, 2013 4:34 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 31, 2013

Good afternoon Paul

s.17,s.21

Thank you for your consideration in advance.

Yours truly

s.17,s.21

**From:** Flanagan, Paul FIN:EX [<mailto:Paul.Flanagan@gov.bc.ca>]

**Sent:** July-31-13 6:14 PM

**To:** s.17,s.21

**Cc:**

**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.17,s.21

**From:** s.17,s.21

**Sent:** Wednesday, July 31, 2013 1:32 PM

**To:** Flanagan, Paul FIN:EX

**Cc:** s.17,s.21

**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
We would be very pleased to meet with you to discuss this application and provide any additional support as required.  
Thank you for your attention to this matter.

s.17,s.21



s.17,s.21

**From:** s.17,s.21

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** s.17,s.21

**Cc:**

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Yours truly

s.17,s.21

Page 063

Withheld pursuant to/removed as

s.21;s.17



BRITISH  
COLUMBIA

Ministry of  
Finance

Mailing Address:  
800 - 360 West Georgia Street  
Vancouver BC V6B 6B2  
[www.sbr.gov.bc.ca/cfb](http://www.sbr.gov.bc.ca/cfb)

## **AUTHORIZATION**

*under the Provincial Sales Tax Act,  
Motor Fuel Tax Act, Carbon Tax Act,  
Consumption Tax Rebate and Transition Act,  
Tobacco Tax Act*

s.17,s.21

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, September 16, 2013 12:41 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX; Minishka, Bridget L FIN:EX  
**Subject:** RE: s.17 LNG - PST Ruling

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, September 16, 2013 9:16 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: Kitimat LNG - PST Ruling

What do I tell him? Should he contact rulings directly?

**From:** s.17,s.21  
**Sent:** Monday, September 16, 2013 8:53 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** s.17 LNG - PST Ruling

Hello Paul,

s.17,s.21

Thanks Paul.

s.17,s.21

s.17,s.21

s.17,s.21

**From:**

**Sent:** July 31, 2013 05:34 PM

**To:** Flanagan, Paul FIN:EX

**Cc:** s.17,s.21

**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 31, 2013

Good afternoon Paul

s.17,s.21

s.17,s.21

---

**From:** Flanagan, Paul FIN:EX [<mailto:Paul.Flanagan@gov.bc.ca>]

**Sent:** July-31-13 6:14 PM

**To:** s.17,s.21

**Cc:** s.17,s.21

**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.17,s.21

Paul

---

**From:** s.17,s.21

**Sent:** Wednesday, July 31, 2013 1:32 PM

**To:** Flanagan, Paul FIN:EX

**Cc:** s.17,s.21

**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.17,s.21

**From:** s.17,s.21

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** [Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)

**Cc:** s.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Yours truly

s.17,s.21

Page 069

Withheld pursuant to/removed as

s.21;s.17



**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, October 31, 2013 4:15 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** Temporary response for LNG

Paul

Do you think it is reasonable to say something like the following to those people wanting rulings on how PST applies to LNG operations:

The PST Rulings group is currently working with Tax Policy Branch and the LNG Taxation Development Branch on issues related to LNG to ensure coordination and consistency with responses. It is expected that rulings on the application of the PST to LNG operations will be provided in ?????[the coming weeks, within a month, the near future]. Thank you for your continued patience (although – they actually haven't been that patient).

Thoughts?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:250-387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, November 22, 2013 10:05 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE:

We are still working on the rulings.

s.13

Alternately we just keep saying we are still working on the rulings without explaining why they are taking so long and take the criticism for being slow.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Friday, November 22, 2013 9:24 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:**

Jordan. Are the ruling requests on the pm&e exemption related to LNG ready to go out? I am talking to Peter at 11 today – I think he has talked to the minister today.<sup>s.13</sup>

Have a nice day.

Paul

August 2017

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 25, 2013 8:53 AM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** LNG rulings

Joel

I spoke with Paul on Friday and as soon as we have the rulings drafted <sup>s.13</sup>  
<sup>s.13</sup> we will share with tax policy  
and develop a coordinated effort to provide the rulings.

We also need to prepare a draft notice on the application to PST and LNG operations where we outline the general application of the PST (goods for resale, goods for incorporation into goods for resale, pst on business assets, etc) as soon as possible.

Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 25, 2013 2:03 PM  
**To:** Foy, Anne FIN:EX; Minishka, Bridget L FIN:EX; King, Marshall FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** FW: BC Tax Application Ruling - s.17,s.21  
**Attachments:** s.17,s.21  
  
**Importance:** High

FYI

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

s.17,s.21  
**From:** s.17,s.21  
**Sent:** Monday, November 25, 2013 1:48 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling - s.17,s.21

Hi Jordan

Please see revised letter s.13,s.17  
s.13,s.17

Regards

s.17,s.21

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** November-25-13 9:47 AM  
**To:** 's.17,s.21'  
**Subject:** RE: BC Tax Application Ruling - (s.17,s.21)

Will do – thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

s.17,s.21  
**From:**  
**Sent:** Monday, November 25, 2013 9:43 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling s.17,s.21

Hi Jordan  
s.17,s.21

Regards  
s.17,s.21

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]  
**Sent:** November-22-13 8:49 AM  
**To:** s.17,s.21 s.17,s.21  
**Subject:** RE: BC Tax Application Ruling -

Thanks s.17,s.21

I will have rulings staff review and prepare a response.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Thursday, November 21, 2013 9:11 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** BC Tax Application Ruling - s.17,s.21

Good morning Jordan

Enclosed please find a ruling request we have been asked to prepare s.17,s.21 regarding the  
application of PST, ICE Levy, MFT and CT to the sale of CNG and LNG s.17,s.21  
s.17,s.21

Please contact me if you have any questions.

Regards

s.17,s.21





Page 078 to/à Page 083

Withheld pursuant to/removed as

s.13;s.17

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Tuesday, December 10, 2013 9:15 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Minishka, Bridget L FIN:EX; Fairbairn, Joel FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: LNG rulings heads up

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Tuesday, December 10, 2013 9:14 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Minishka, Bridget L FIN:EX; Fairbairn, Joel FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: LNG rulings heads up

Ok. When will they be sent out do you think?

**From:** Goss, Jordan T FIN:EX  
**Sent:** Tuesday, December 10, 2013 9:11 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Minishka, Bridget L FIN:EX; Fairbairn, Joel FIN:EX; Foy, Anne FIN:EX  
**Subject:** LNG rulings heads up

Paul

Just a heads up that given the level of detail/analysis and references to the PST regulations (as currently worded) included in the ruling requests,

s.13

Our usual approach with rulings is that we provide a ruling and an explanation as to why we ruled the way we did. <sup>s.13</sup>

I am meeting this morning on the rulings and will be in contact. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

Page 086

Withheld pursuant to/removed as

s.14;s.21

Page 087 to/à Page 088

Withheld pursuant to/removed as

s.14

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, January 10, 2014 3:48 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Minishka, Bridget L FIN:EX  
**Subject:** RE: LNG and PM&E 2013

Direction is to proceed with high level rulings for land based facilities with GCPE's IN to give Minister of NG the heads-up. Peter will also need a heads up before rulings issued.

s.13

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, January 10, 2014 1:47 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Did you happen to talk to Paul about this?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 8, 2014 1:52 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Paul

I got your message about Peter wanting these to go out as soon as possible but giving the Minister of NG the heads up – which can be done with the IN Note that GCPE wants to do.  
s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 2:08 PM  
**To:** Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG and PM&E 2013

FYI – this is the highest level ruling we would be issuing on this. Some of the other requests are more detailed and include different questions but with respect to what we could turn into general information – this is it. We need direction from the two of you about whether we send out the rulings now and then get an FAQ on the web as soon as we can or try to get the web stuff up first<sup>s.13</sup> Please advise.

Jordan

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, January 16, 2014 11:13 AM  
**To:** Fairbairn, Joel FIN:EX; Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

I don't recall seeing the first 1<sup>st</sup> part of the response or other LNG Q&A's

I have no concerns with the Q & A but some suggested edits to the subsequent paragraph

For marketable natural gas, I am suggesting changing **IS** to **becomes a** to be clear that being pipeline quality is not the only test for determining whether natural gas is marketable natural gas. (though it is likely the only test that is relevant for LNG producers)

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Thursday, January 16, 2014 10:54 AM  
**To:** Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX; Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

**Please note: This has not been provided to you previously. Jordan/Paul/Anne-please review.**

Here is a draft Q&A. We haven't been asked this specific question in the 2<sup>nd</sup> part of the response (at least not in the couple of questions I've seen), but it's an obvious question when you read the 1<sup>st</sup> part of the response.

**Q –** Are liquefied natural gas (LNG) producers eligible to qualify for the PST exemption for production machinery and equipment (PM&E) purchased by qualifying manufacturers?

**A –** No, the PM&E exemption for manufacturing does not apply to LNG production. Had the intention been for manufacturing to include natural gas processing, the distinct PM&E exemption for oil and gas producers would be unnecessary.

LNG producers may be eligible to qualify for the PST exemption for PM&E obtained for use in the extraction or processing of petroleum or natural gas. To qualify for ~~a~~ this PST exemption ~~as PM&E used in oil and gas production~~, the machinery and equipment must be obtained by a qualifying oil and gas producer for use primarily and directly in the processing of natural gas at the "qualifying part" of a processing plant. The qualifying part of a processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas becomes a ~~is a~~ marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, any machinery and equipment used to process or further process that natural gas does not qualify for a PST exemption.



Also, Jamie, there was also a typo on the first page last bullet- posted s/b posting.

-J

**Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Edwardson, Jamie GCPE:EX  
**Sent:** Thursday, January 16, 2014 10:08 AM  
**To:** Flanagan, Paul FIN:EX; Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

Will do.

**From:** Flanagan, Paul FIN:EX  
**Sent:** January-16-14 10:06 AM  
**To:** Goss, Jordan T FIN:EX; Edwardson, Jamie GCPE:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

Jamie. Could you make sure Peter is aware.

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 16, 2014 9:51 AM  
**To:** Edwardson, Jamie GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** IN for Minister - PSTA LNG Rulings - Jan 2014

Jamie

As per Paul's note – the Ministry of LNG is now aware that we will be issuing the ruling. Here is the background of an IN note for you in case you need it.

Given this – is everyone okay if we send out the rulings today and get working on posting the FAQ?

Thanks

Jordan

## **Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, January 21, 2014 11:48 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: LNG QA

Couple of edits for your consideration

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Tuesday, January 21, 2014 11:43 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG QA  
**Importance:** High

Anne

Please see below – the first question has been edited by PI and I added the red. The second question I through in there so that we had a couple questions. Please let us know ASAP if you have any concerns/edits that you would like to see so that we can these up.

Q – Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?

No, the PM&E exemption for manufacturing does not apply to LNG production. However, while liquefied natural gas processing does not qualify as manufacturing, there is a PM&E exemption for qualifying oil and gas producers. LNG producers may be eligible for the PST exemption for PM&E obtained for use in the extraction or processing of ~~petroleum~~ or natural gas.

To qualify for this exemption, the machinery and equipment must be obtained by a qualifying oil and gas producer for use primarily and directly in the processing of natural gas at the qualifying part of a processing plant. The qualifying part of a processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas becomes a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, any machinery and equipment used to process or further process that natural gas, including the equipment used to convert the gas into LNG, does not qualify for exemption.

Q - Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

Yes – if the LNG is being produced for the purpose of sale, including exported for sale, the natural gas purchased by the producer of the LNG would be exempt from PST. Natural gas used by the LNG producer as part of the production process will be subject to carbon tax and may be subject either PST or motor fuel tax depending on how the natural gas is used.

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, January 29, 2014 10:31 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** FW: natural gas used for LNG plants

Can you confirm if the proposed links are the right links

Let know what you think of my proposed edits

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, January 29, 2014 10:22 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: natural gas used for LNG plants

Anne?

**From:** Wieringa, Paul MEM:EX  
**Sent:** Wednesday, January 29, 2014 10:12 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE: natural gas used for LNG plants

Paul: Are you OK with my response below?

The announcement for the regulation that exempts natural gas fired generation used for LNG from the 93% clean energy requirement, can be found at [http://www2.news.gov.bc.ca/news\\_releases\\_2009-2013/2012ENER0089-001078.htm](http://www2.news.gov.bc.ca/news_releases_2009-2013/2012ENER0089-001078.htm)

The regulation can be found at [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/234\\_2012](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/234_2012)

On the carbon tax, the following bulletin ~~explains how the carbon tax works~~ sets out the tax rates  
[http://www.sbr.gov.bc.ca/documents\\_library/bulletins/mft-ct\\_005.pdf](http://www.sbr.gov.bc.ca/documents_library/bulletins/mft-ct_005.pdf) Page 10 gives a concise overview.

The following page lists exemptions:  
<http://www2.gov.bc.ca/gov/topic.page?id=595366BB35434674B7D5290A25320637>

All combustion of natural gas in BC, including to generate electricity to serve LNG plants, is subject to the carbon tax and may be subject to motor fuel tax.

Any questions about the taxes on natural gas used in an LNG plant should be directed to the Ministry of Finance at:  
Phone: 1-877-388-4440 (Toll-Free)  
Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Paul Wieringa  
Executive Director  
Electricity Policy and Regulations  
Ministry of Energy and Mines  
Telephone: 250-952-0651  
Facsimile: 250-952-0258

**From:** s.17,s.21  
**Sent:** Wednesday, January 29, 2014 8:40 AM  
**To:** Wieringa, Paul MEM:EX  
**Subject:** natural gas used for LNG plants

Good morning Paul,

s.17,s.21

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, January 29, 2014 12:16 PM  
**To:** Wieringa, Paul MEM:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** FW: natural gas used for LNG plants

Please see edits

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, January 29, 2014 10:22 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: natural gas used for LNG plants

Anne?

**From:** Wieringa, Paul MEM:EX  
**Sent:** Wednesday, January 29, 2014 10:12 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE: natural gas used for LNG plants

Paul: Are you OK with my response below?

The announcement for the regulation that exempts natural gas fired generation used for LNG from the 93% clean energy requirement, can be found at [http://www2.news.gov.bc.ca/news\\_releases\\_2009-2013/2012ENER0089-001078.htm](http://www2.news.gov.bc.ca/news_releases_2009-2013/2012ENER0089-001078.htm)

The regulation can be found at [http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/234\\_2012](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/234_2012)

On the carbon tax, the following ~~bulletin explains how the carbon tax works~~ sets out the tax rates  
[http://www.sbr.gov.bc.ca/documents\\_library/bulletins/mft-ct\\_005.pdf](http://www.sbr.gov.bc.ca/documents_library/bulletins/mft-ct_005.pdf) Page 10 gives a concise overview.

The following page lists exemptions:  
<http://www2.gov.bc.ca/gov/topic.page?id=595366B83543467487D5290A25320637>

All combustion of natural gas in BC, including to generate electricity to serve LNG plants, is subject to the carbon tax and may be subject to motor fuel tax.

Any questions about the taxes on natural gas used in an LNG plant should be directed to the Ministry of Finance at:  
Phone: 1-877-388-4440 (Toll-Free)  
Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Paul Wieringa  
Executive Director  
Electricity Policy and Regulations  
Ministry of Energy and Mines  
Telephone: 250-952-0651  
Facsimile: 250-952-0258

s.17,s.21

**From**

**Sent:** Wednesday, January 29, 2014 8:40 AM

**To:** Wieringa, Paul MEM:EX

**Subject:** natural gas used for LNG plants

Good morning Paul,

s.17,s.21

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, February 7, 2014 11:21 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: s.17,s.21 Request - Production Machinery & Equipment Ruling

Thanks for keeping me in the loop.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, February 7, 2014 11:18 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: s.17,s.21 Request - Production Machinery & Equipment Ruling Request

FYI – I spoke to Paul about this earlier today and he was okay with this approach.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, February 7, 2014 11:17 AM  
**To:** s.17,s.21  
**Cc:** Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: s.17,s.21 Request - Production Machinery & Equipment Ruling Request

The ruling request is currently under review by the Tax Policy Branch.

As I believe I mentioned on the phone when we first discussed your sending a request in, we have been working closely with Tax Policy Branch on rulings related to LNG and in developing the FAQs that are on the website to ensure that rulings and FAQs reflect the tax policy intent of the legislation.

Please feel free to contact Paul Flanagan, Executive Director of Tax Policy if you would like to discuss further. I have cc'd him on this response and his number is: 250 387-9014

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611



MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Thursday, February 6, 2014 9:51 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

Production Machinery & Equipment Ruling Request

Hi Jordon:

I looked at the FAQs you mentioned below.

They say that the PM&E exemption for manufacturers does not apply to LNG production.

s.17,s.21

s.17,s.21

We would like to discuss this point with you or

the person assigned to the ruling request further to see if they have reached a preliminary conclusion on this point.

s.17,s.21

I think it would be helpful to have a discussion on this point. Can you let me know when you would be free to discuss this further.

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks s.1

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

• s.17,s.21

We have not yet completed the specific ruling. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Wednesday, February 5, 2014 1:26 PM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE s.17,s.21 Production Machinery & Equipment Ruling Request

Hi Jordon:

Any further news on this ruling. Does your team have any questions on the ruling request? No one has contacted us with any questions or request for clarifications. We have also not seen any general information on the application of PST to LNG plants. Has that been issued yet?

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** January-14-14 12:08 PM

**To:** s.17,s.21

**Cc:**

**Subject:** RE s.17,s.21 Production Machinery & Equipment Ruling Request

Thanks. We are continuing to work on this ruling.

While we expect to release some general information on the application of PST to LNG plants soon, responses to the specific ruling requests may take a bit longer.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province*

**From** s.17,s.21

**Sent:** Tuesday, January 14, 2014 11:12 AM

**To:** Goss, Jordan T FIN:EX

**Cc:** s.17,s.21

**Subject:** RE: s.17,s.21 Production Machinery & Equipment Ruling Request

Hi Jordan,

Happy New Year!

We would like to follow up on the <sup>s.</sup>17 request for a ruling for s.17 e 2 Natural Gas's LNG project. Could you please provide an update. Thank you very much.

Best Regards,

s.17,s.21

**Sent:** January-13-14 5:08 PM

**To:** s.17,s.21

**Subject:** FW: s.17,s.21

- Production Machinery & Equipment Ruling Request

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** December-12-13 11:56 AM

**To:** s.17,s.21

**Subject:** RE:s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks, I have passed on to my team for review.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Thursday, December 12, 2013 7:59 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** FW: s.17,s.21

Production Machinery & Equipment Ruling Request

Hi Jordan:

Can you please use the above attached documents rather than the ones that I attached yesterday.

Thanks

s.17,s

21

**From:** s.17,s.21

**Sent:** December-11-13 5:24 PM

**To:** 'Jordan.Goss@gov.bc.ca'

**Subject:** s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

Further to our discussion last month, please find attached a BC Provincial Sales Tax Act ruling request (with related attachments) with respect to the application of the production, machinery and equipment exemption to the LNG facility that

s.17,s.21

We would also appreciate the opportunity to discuss the ruling request with you or your staff before the final ruling is issued.

We will also courier a copy of the ruling request to you on Thursday.

Regards

s.17,s.21

Page 104

Withheld pursuant to/removed as

s.21;s.17

**Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, April 9, 2014 4:31 PM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** s.17,s.21

I spoke to s.17,s.21

s.17,s.21 want to set up a meeting to discuss managing carbon tax costs.

I advised

- We don't provide tax planning advice, we can explain how tax applies but in terms of tax planning they need to seek independent advice
- The carbon tax does not provide for reduction in tax if carbon offsets are purchased

s.17,s.21

I told him, I would let you know of the request and you or the LNG folks would follow up.

He also mentioned that s.17,s.21 may be contacting you directly.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

-----Original Message-----

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, April 9, 2014 4:16 PM  
**To:** Foy, Anne FIN:EX  
**Subject:**

Anne. Can you take the call at 4:30?



Legislative Office:  
Room 145, Parliament Buildings  
Victoria, B.C. V8V 1X4  
Phone: 250 952-7594  
Fax: 250 952-7598  
e-mail: vicki.huntington.mla@leg.bc.ca

Legislative Assembly  
Province of British Columbia  
Vicki Huntington, M.L.A.  
(Delta South)

Constituency Office:  
4805 Delta Street  
Delta, B.C. V4K 2T7  
Phone: 604 940-7924  
Fax: 604 940-7927  
www.vickihuntington.ca

May 26, 2014

Hon. Mike de Jong  
Minister of Finance  
Room 153, Parliament Buildings  
Victoria, BC V8V 1X4

Dear Minister de Jong:

**Re: Carbon tax and LNG plants**

When speaking about LNG and taxation rates during Estimates on May 15, 2014, you said: "In British Columbia we have a carbon tax that will be applicable, and it gets factored into the cost structure."

Pacific Northwest LNG's Environmental Impact Statement states that their project will increase provincial GHG emission totals by 8.5 per cent. The proponent says they will be managing their emissions in "compliance with requirements outlined under the BC carbon tax."

Can you confirm that the carbon tax will apply to LNG proponents and the natural gas used to power these facilities? Is a possible carbon tax exemption part of the overall tax deal the government is negotiating with the LNG proponents?

Sincerely,

Vicki Huntington, MLA  
Delta South

MINISTER OF FINANCE

REFERRAL NUMBER \_\_\_\_\_

REFER TO: ☐ MIN ☐ DM ☐ MA ☐ AC ☐

RECEIVED: MAY 27 2014

DRAFT ☐ REPLY ☐ INFO ☐ FILE ☐

REMARKS: \_\_\_\_\_



Can't  
find in  
Cliff  
confirmation  
was sent

336475

Vicki Huntington, MLA  
Delta South  
4805 Delta Street  
Delta BC V4K 2T7

Dear Ms. Huntington:

Thank you for your letter of May 26, 2014, regarding liquefied natural gas (LNG) and the carbon tax. Please accept my apology for the delay in responding.

The carbon tax applies to all use of natural gas in British Columbia including flaring and incineration. This means that all natural gas used to power LNG facilities will be subject to the carbon tax. The current rate of tax on natural gas, equal to \$30 per tonne of carbon dioxide equivalent, is 5.70 cents per cubic metre.

At the present time, the government is not considering exemptions from the carbon tax for LNG facilities.

I would like to thank you again for taking the time to write.

Sincerely,

Michael de Jong, Q.C.  
Minister



**Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 10, 2014 9:43 AM  
**To:** Parkinson, Pat A FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** Response to LNG question

Pat,

TPB is responding to a letter from MLA Huntington regarding the carbon tax

She asks the following: "Is a possible carbon tax exemption part of the overall tax deal the government is negotiating with LNG proponents"

Can you please give me the response to this and I will incorporate it into the overall response.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, June 12, 2014 4:03 PM  
**To:** Perhar, Satish FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** LNG PME

Satish

I understand you were asking about the rulings on LNG PME. Here are the links to the FAQs on our PST site that have the information we provide to anyone that asks about the application of PST to equipment used in making LNG.

- 

[Do liquefied natural gas \(LNG\) producers qualify as manufacturers eligible to obtain production machinery and equipment \(PM&E\) exempt from PST?](#)

- [Are liquefied natural gas \(LNG\) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?](#)

## **Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, June 12, 2014 4:04 PM  
**To:** Parkinson, Pat A FIN:EX  
**Subject:** RE: Question PME ruling - LNG facilities

Pat,

Jordan has followed up with Satish directly.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Parkinson, Pat A FIN:EX  
**Sent:** Thursday, June 12, 2014 2:40 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: Question PME ruling - LNG facilities

Anne.. yesterday I was in Vancouver with Peter and he mentioned the PME PST ruling request.

Do you know if the ruling request is in CTPB ruling data base?

**Pat Parkinson**  
**Executive Lead LNG Tax Development**  
**Ministry of Finance**  
**Phone #: 250 387-8990**  
**Cell # 250 888-2687**

**From:** Perhar, Satish FIN:EX  
**Sent:** Thursday, June 12, 2014 9:04 AM  
**To:** Parkinson, Pat A FIN:EX  
**Subject:** RE: What Room are we in?

Good to see you again as well Pat. I heard there were lots of interest and question on the LNG. Excellent having you come out and sharing it with us! By the way, would you be able to share that LNG PME ruling with me, or will it be in the CTPB ruling database....?

*Satish Perhar*  
604-586-3709

**From:** Parkinson, Pat A FIN:EX  
**Sent:** Thursday, June 12, 2014 7:52 AM  
**To:** Perhar, Satish FIN:EX  
**Subject:** RE: What Room are we in?

Hey Satish.. thanks for this .. we did find it..

PS It was good to see you again ..

**Pat Parkinson**  
**Executive Lead LNG Tax Development**  
**Ministry of Finance**  
**Phone #: 250 387-8990**  
**Cell # 250 888-2687**

**From:** Perhar, Satish FIN:EX  
**Sent:** Wednesday, June 11, 2014 1:48 PM  
**To:** Parkinson, Pat A FIN:EX  
**Subject:** RE: What Room are we in?

I am not joining, but TH is in Alma Van Dusen Room downstairs in the Library. Just go down the stairs from the coffee shops area. You will see the rooms.

*Satish Perhar*  
604-586-3709

**From:** Parkinson, Pat A FIN:EX  
**Sent:** Wednesday, June 11, 2014 1:46 PM  
**To:** Perhar, Satish FIN:EX  
**Subject:** What Room are we in?

## Foy, Anne FIN:EX

---

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Thursday, June 19, 2014 10:04 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Ok, good thanks. Not fossil fuels/not manufactured. I'll send it through the channels.

Jennifer Cador - Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, June 19, 2014 9:51 AM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Yes carbon tax applies to fuels used in LNG facilities (e.g. the fuel to run machinery or equipment)

The carbon tax does not apply to:

- fuel sold outside BC (e.g. the fuel is located in BC but the sale occurs outside of BC),
- fuel exported by the seller for use outside BC
- or fuel removed from BC by a common carrier on behalf of the purchaser where the contract for the removal is in place before the fuel is purchased.

If a person purchases fuel in BC, takes possession of the fuel in BC and then subsequently removes it themselves for use outside of BC – carbon tax does apply

You must stop referring to fossil fuels – the tax applies to fuels (we tax ethanol, biodiesel and also tax bio-methane in a number of circumstances)

Yes, the carbon tax applies to fuels purchased or used in the production of LNG unless a specific exemption applies

1. LNG is NOT manufacturing s.13,s.17  
s.13,s.17
2. There are a number of exemptions for fuel that is NOT combusted during use that might apply depending on when in the chain you consider production of LNG to start,  
for example exemption for fuel NOT combusted and used in downhole operations at a well site

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Thursday, June 19, 2014 9:26 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Jamie asked for it, which is why I included it.

MO is now asking for confirmation on carbon tax application to LNG facilities. Although I believe I know the answer to this, I've been asked to confirm with you that the carbon tax will NOT be charged on any fuels being exported from BC.

In addition, could you please confirm that carbon tax WILL be applied to any fossil fuels purchased or used in the production and manufacture of LNG?

Thanks very much.

Jennifer Cador | Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, June 19, 2014 8:36 AM  
**To:** Cador, Jennifer GCPE:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

I can see adding this phrase if the reporter specifically asked about natural gas flaring – if they did not, then I do not see the point of highlighting natural gas flaring from any other use of natural gas or any other use of fuel in BC – it is just once use amongst many and not the only example of use without purchase.

The bullet is accurate so I defer to you on relevance

Anne

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Wednesday, June 18, 2014 10:17 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Ok, good, thanks.

So I've added a phrase to our existing bullet:

o The carbon tax applies to the purchase or use of fuels within the province. All fuel purchased or used in British Columbia is subject to the carbon tax unless specifically exempt, including natural gas flaring. Because it is levied at the point of purchase, fuel coming into the province from outside of B.C. is also subject to carbon tax.

With respect to your question:

What is the source of the attached file, "BC Origin Exports of Energy Products, Value and Quantity,"?

BC Stats says Stats Canada.

Jennifer Cador | Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 17, 2014 3:20 PM

**To:** Cadot, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

The BC carbon tax applies to the PURCHASE and USE of fuel in BC

If you buy fuel in BC – you pay carbon tax unless there is a specific exemption – what you actually do with the fuel is irrelevant

If you use fuel in BC that you did not purchase in BC (i.e. you produced it yourself or you brought into BC for your own use) again you pay carbon tax unless a specific exemption applies. “Use” in the Carbon Tax Act is broadly defined (as it is in the Motor Fuel Tax Act and other consumption tax Acts) and is NOT limited to just burning fuel.

There are a wide variety of carbon taxes and other carbon pricing mechanisms around the world, some tax the purchase of fuel, some tax the burning of fuel and some tax the resulting emissions directly.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cadot, Jennifer GCPE:EX  
**Sent:** Tuesday, June 17, 2014 3:15 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

It seems like it would differ from other forms of carbon tax payable in that purchasers are not actually buying fuel but rather, are being taxed on the burning of fuel.

Jennifer Cadot – Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 17, 2014 3:12 PM  
**To:** Cadot, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Flaring is just another word for incineration or burning.

The tax on flaring of natural gas is the same as the tax on other uses of natural gas – they determine the total volume of natural gas flared and multiply that with the tax rate and that is the total carbon tax payable.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cadot, Jennifer GCPE:EX  
**Sent:** Tuesday, June 17, 2014 3:06 PM  
**To:** Foy, Anne FIN:EX

**Cc:** Flanagan, Paul FIN:EX

**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Excellent, thank you.

What about the carbon tax on flaring? How does that work?

Jennifer Cador : Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX

**Sent:** Tuesday, June 17, 2014 3:05 PM

**To:** Cador, Jennifer GCPE:EX

**Cc:** Flanagan, Paul FIN:EX

**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

With respect to cap and trade the response is

A principle of the carbon tax is that it will be integrated with other carbon pricing measures such as cap and trade system if and when such measures are designed and implemented in BC to avoid putting more than one carbon price on the same emission.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX

**Sent:** Tuesday, June 17, 2014 2:44 PM

**To:** Cador, Jennifer GCPE:EX; Foy, Anne FIN:EX

**Subject:** Re: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Not venting

Paul Flanagan  
Executive Director, Tax Policy Branch  
BC Ministry of Finance

----- Original message -----

From: "Cador, Jennifer GCPE:EX"

Date: 06-17-2014 2:37 PM (GMT-08:00)

To: "Flanagan, Paul FIN:EX"

Subject: FW: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Sorry Paul – copying you.

Jennifer Cador : Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248



**From:** Cador, Jennifer GCPE:EX  
**Sent:** Tuesday, June 17, 2014 2:37 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Hi Anne,

Jamie is asking if there is carbon tax on flaring and venting. He thinks there is but I haven't been able to find any evidence of this. If so, we'll want messaging that addresses this.

Also, was the carbon tax designed in conjunction with a cap and trade system? Jamie believes it was and thinks we may want to have messaging along these lines as well, if the request ends up going in that direction. So far, it has not, but it may in the follow-up questions.

Jennifer Cador | Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 17, 2014 10:21 AM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Couple of minor edits and one question

What is the source of the attached file, "BC Origin Exports of Energy Products, Value and Quantity,"? Unless the file clearly states its source, the source should be stated in the email (I assume from the discussion that it is government data).

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Tuesday, June 17, 2014 10:14 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Ok, thanks very much Anne.

I had the same question for BC Stats about using CPPA data, but Lillian said she was comfortable with it for a number of reasons. However, I do understand your position and have revised the response to include only government data, however it is difficult to read and the reporter will likely need assistance from MEM to figure it out.

I have incorporated your edits. Could you please confirm you're ok with the following:

**Recommendation / Response:**

- Are there any figures on total amount of fossil fuels produced in province?

- Please see the following links, available on the Ministry of Energy and Mines website, for fossil fuel production data:
  - Monthly files on fossil fuel production can be accessed at the following link:  
<http://www.empr.gov.bc.ca/OG/oilandgas/statistics/Pages/MonthlyStatistics.aspx>
  - Data on the value and volume of coal production can be found here:  
<http://www.empr.gov.bc.ca/Mining/MineralStatistics/MineralSectors/Coal/ProductionandValues/Pages/AnnualCoalProduction.aspx>
- What percentage of that is subject to carbon tax because it's actually combusted in B.C. versus what percentage is exported?
    - The carbon tax applies to the purchase or use of fuels within the province. All fuel purchased or used in B.C. ~~British Columbia~~ is subject to the carbon tax unless specifically exempt. Because it is levied at the point of purchase, fuel coming into the province from outside of B.C. ~~an outside source~~ is also subject to carbon tax.
    - Fuel used outside of B.C. is not subject to B.C. carbon tax. This includes fuel used outside of B.C. to manufacture fuel subsequently imported into B.C. or fuel manufactured in B.C. that is subsequently exported for use outside the province.
    - The province is taking responsibility for emissions released within B.C., but recognizes that other jurisdictions will need to introduce their own GHG reduction policies. The intention is to effectively tax the emissions resulting from the purchase and use of fuels within the province.
    - The attached file, "BC Origin Exports of Energy Products, Value and Quantity," contains specific figures on energy exports.
  - At what point is carbon tax assessed within fossil fuel production and distribution system? Is it always assessed at point of purchase, or at producer level, or does it vary?
    - The tax is imposed on the end consumer of fuel at the time of sale or use.
    - To protect provincial revenue and reduce the compliance burden of fuel sellers, the carbon tax has a security scheme like the security scheme under the Motor Fuel Tax Act.

Jennifer Cador, Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, June 16, 2014 4:29 PM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** FW: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, June 16, 2014 4:28 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** Re: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

See Anne's comments

Paul Flanagan  
Executive Director, Tax Policy Branch  
BC Ministry of Finance

----- Original message -----

From: "Foy, Anne FIN:EX"  
Date: 06-16-2014 2:23 PM (GMT-08:00)  
To: "Flanagan, Paul FIN:EX"  
Subject: RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

I have significant concerns with the Ministry of Finance providing data from CAPP – if no provincial data is available, we should say no provincial data is available and at most provide a link to alternative data sources. I have no way of verifying the data provided.

With regards to the remaining bullets:

- ~~• Neither the emissions released elsewhere to produce fuel imported to B.C. nor the emissions released elsewhere from burning fuel exported from BC are included in the tax base.~~

This bullet is a problem because we do not tax emissions, we tax the purchase and use of fuel.

- Fuel used outside of BC is not subject to BC carbon tax, this includes fuel used outside of BC to manufacture fuel subsequently imported into BC or fuel manufactured in BC that is subsequently exported for use outside the province.
- The province is taking responsibility for emissions released within B.C., but recognizes that other jurisdictions will need to introduce their own GHG reduction policies. The intention is to effectively tax the emissions resulting from burning fossil fuels within the province from the purchase and use of fuels within the province.

We can't say fossil fuel because the tax applies to ethanol and biodiesel and we can't refer to burning because the tax also applies to fuel purchased in BC that is not combusted unless a specific exempt applies

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Monday, June 16, 2014 2:05 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** For approval: MEDIA REQUEST: Carbon tax - Seattle Times  
**Importance:** High

Hi Anne and Paul,

For review and approval, here is the media request we have been discussing. Answers highlighted below. Please approve at your earliest convenience:

**Reporter / Outlet / Contact:** Hal Bernton, Seattle Times, 206 423 1898, [hbernton@seattletimes.com](mailto:hbernton@seattletimes.com)

**Request:** Reporter is working on a series about efforts to reduce carbon emissions. He wants to know more about B.C.'s carbon tax as it relates to fossil fuels destined for export. Specific questions are:

- Are there any figures on total amount of fossil fuels produced in province?
- What percentage of that is subject to carbon tax because it's actually combusted in B.C. versus what percentage is exported?
- At what point is carbon tax assessed within fossil fuel production and distribution system? Is it always assessed at point of purchase, or at producer level, or does it vary?

**Recommendation / Response:**

- Are there any figures on total amount of fossil fuels produced in province?
  - The attached file, "Fossil Fuel Production," contains the production data up to 2012.
  - The complete data set is only available up to 2012; for more information, some of the data is available to 2013 (including possible revisions to pre-2013 data) at this website: <http://www.capp.ca/library/statistics/handbook/pages/statisticalTables.aspx?sectionNo=4%20-%20uLfflqQA/wz>
- What percentage of that is subject to carbon tax because it's actually combusted in B.C. versus what percentage is exported?
  - The carbon tax applies to the purchase or use of fuels within the province. All fuel purchased or used in British Columbia is subject to the carbon tax unless specifically exempt. Because it is levied at the point of purchase, fuel coming in from an outside source is also subject to carbon tax.
  - Neither the emissions released elsewhere to produce fuel imported to B.C. nor the emissions released elsewhere from burning fuel exported from BC are included in the tax base.
  - The province is taking responsibility for emissions released within B.C., but recognizes that other jurisdictions will need to introduce their own GHG reduction policies. The intention is to effectively tax the emissions resulting from burning fossil fuels within the province.
  - The attached file, "BC Origin Exports of Energy Products, Value and Quantity," contains specific figures on energy exports.
- At what point is carbon tax assessed within fossil fuel production and distribution system? Is it always assessed at point of purchase, or at producer level, or does it vary?
  - The tax is imposed on the end consumer of fuel at the time of sale or use.
  - To protect provincial revenue and reduce the compliance burden of fuel sellers, the carbon tax has a security scheme like the security scheme under the Motor Fuel Tax Act.

**Date & Time of Inquiry:** 12:22 PM, Jun. 16, 14

**Background:**

**Link to the series:** [http://seattletimes.com/html/nationworld/2023524884\\_chinaseriesintroxml.html](http://seattletimes.com/html/nationworld/2023524884_chinaseriesintroxml.html)

Jennifer Cadar - Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

## Foy, Anne FIN:EX

---

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Thursday, June 19, 2014 1:19 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Hi Anne,

MO is asking:

- *or fuel removed from BC by a common carrier on behalf of the purchaser where the contact for the removal is in place before the fuel is purchased.*

"Can you explain this part to me?"

What is the "the contact for the removal is in place before the fuel is purchased"

Can you give me an example?"

Jennifer Cador - Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

---

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, June 19, 2014 9:51 AM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Yes carbon tax applies to fuels used in LNG facilities (e.g. the fuel to run machinery or equipment)

The carbon tax does not apply to:

- fuel sold outside BC (e.g. the fuel is located in BC but the sale occurs outside of BC),
- fuel exported by the seller for use outside BC
- or fuel removed from BC by a common carrier on behalf of the purchaser where the contact for the removal is in place before the fuel is purchased.

If a person purchases fuel in BC, takes possession of the fuel in BC and then subsequently removes it themselves for use outside of BC – carbon tax does apply

You must stop referring to fossil fuels – the tax applies to fuels (we tax ethanol, biodiesel and also tax bio-methane in a number of circumstances)

Yes, the carbon tax applies to fuels purchased or used in the production of LNG unless a specific exemption applies

1. LNG is NOT manufacturing s.13,s.17  
s.13,s.17

2. There are a number of exemptions for fuel that is NOT combusted during use that might apply depending on when in the chain you consider production of LNG to start, for example exemption for fuel NOT combusted and used in downhole operations at a well site

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Thursday, June 19, 2014 9:26 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Jamie asked for it, which is why I included it.

MO is now asking for confirmation on carbon tax application to LNG facilities. Although I believe I know the answer to this, I've been asked to confirm with you that the carbon tax will NOT be charged on any fuels being exported from BC.

In addition, could you please confirm that carbon tax WILL be applied to any fossil fuels purchased or used in the production and manufacture of LNG?

Thanks very much.

Jennifer Cador - Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, June 19, 2014 8:36 AM  
**To:** Cador, Jennifer GCPE:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

I can see adding this phrase if the reporter specifically asked about natural gas flaring – if they did not, then I do not see the point of highlighting natural gas flaring from any other use of natural gas or any other use of fuel in BC – it is just once use amongst many and not the only example of use without purchase.

The bullet is accurate so I defer to you on relevance

Anne

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Wednesday, June 18, 2014 10:17 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Ok, good, thanks.

So I've added a phrase to our existing bullet:

o The carbon tax applies to the purchase or use of fuels within the province. All fuel purchased or used in British Columbia is subject to the carbon tax unless specifically exempt, including natural gas flaring. Because it is levied at the point of purchase, fuel coming into the province from outside of B.C. is also subject to carbon tax.

With respect to your question:

What is the source of the attached file, "BC Origin Exports of Energy Products, Value and Quantity,"?

BC Stats says Stats Canada.

Jennifer Cador – Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 17, 2014 3:20 PM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

The BC carbon tax applies to the PURCHASE and USE of fuel in BC

If you buy fuel in BC – you pay carbon tax unless there is a specific exemption – what you actually do with the fuel is irrelevant

If you use fuel in BC that you did not purchase in BC (i.e. you produced it yourself or you brought into BC for your own use) again you pay carbon tax unless a specific exemption applies. "Use" in the Carbon Tax Act is broadly defined (as it is in the Motor Fuel Tax Act and other consumption tax Acts) and is NOT limited to just burning fuel.

There are a wide vary of carbon taxes and other carbon pricing mechanism around the world, some tax the purchase of fuel, some tax the burning of fuel and some tax the resulting emissions directly.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Tuesday, June 17, 2014 3:15 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

It seems like it would differ from other forms of carbon tax payable in that purchasers are not actually buying fuel but rather, are being taxed on the burning of fuel.

Jennifer Cador – Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 17, 2014 3:12 PM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Flaring is just another word for incineration or burning.



The tax on flaring of natural gas is the same as the tax on other uses of natural gas – they determine the total volume of natural gas flared and multiply that with the tax rate and that is the total carbon tax payable.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cador, Jennifer GCPE:EX  
**Sent:** Tuesday, June 17, 2014 3:06 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Excellent, thank you.

What about the carbon tax on flaring? How does that work?

Jennifer Cador | Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-385-1248

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, June 17, 2014 3:05 PM  
**To:** Cador, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

With respect to cap and trade the response is

A principle of the carbon tax is that it will be integrated with other carbon pricing measures such as cap and trade system if and when such measures are designed and implemented in BC to avoid putting more than one carbon price on the same emission.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Tuesday, June 17, 2014 2:44 PM  
**To:** Cador, Jennifer GCPE:EX; Foy, Anne FIN:EX  
**Subject:** Re: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Not venting

Paul Flanagan  
Executive Director, Tax Policy Branch  
BC Ministry of Finance

----- Original message -----

From: "Cador, Jennifer GCPE:EX"

Date: 06-17-2014 2:37 PM (GMT-08:00)

To: "Flanagan, Paul FIN:EX"

Subject: FW: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Sorry Paul – copying you.

Jennifer Cador | Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Cador, Jennifer GCPE:EX

**Sent:** Tuesday, June 17, 2014 2:37 PM

**To:** Foy, Anne FIN:EX

**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Hi Anne,

Jamie is asking if there is carbon tax on flaring and venting. He thinks there is but I haven't been able to find any evidence of this. If so, we'll want messaging that addresses this.

Also, was the carbon tax designed in conjunction with a cap and trade system? Jamie believes it was and thinks we may want to have messaging along these lines as well, if the request ends up going in that direction. So far, it has not, but it may in the follow-up questions.

Jennifer Cador | Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**From:** Foy, Anne FIN:EX

**Sent:** Tuesday, June 17, 2014 10:21 AM

**To:** Cador, Jennifer GCPE:EX

**Cc:** Flanagan, Paul FIN:EX

**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Couple of minor edits and one question

What is the source of the attached file, "BC Origin Exports of Energy Products, Value and Quantity,"? Unless the file clearly states its source, the source should be stated in the email (I assume from the discussion that it is government data).

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cador, Jennifer GCPE:EX

**Sent:** Tuesday, June 17, 2014 10:14 AM

**To:** Foy, Anne FIN:EX

**Cc:** Flanagan, Paul FIN:EX

**Subject:** RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

Ok, thanks very much Anne.

I had the same question for BC Stats about using CPPA data, but Lillian said she was comfortable with it for a number of reasons. However, I do understand your position and have revised the response to include only government data, however it is difficult to read and the reporter will likely need assistance from MEM to figure it out.

I have incorporated your edits. Could you please confirm you're ok with the following:

**Recommendation / Response:**

- Are there any figures on total amount of fossil fuels produced in province?
  - Please see the following links, available on the Ministry of Energy and Mines website, for fossil fuel production data:
  - Monthly files on fossil fuel production can be accessed at the following link:  
<http://www.empr.gov.bc.ca/OG/oilandgas/statistics/Pages/MonthlyStatistics.aspx>
  - Data on the value and volume of coal production can be found here:  
<http://www.empr.gov.bc.ca/Mining/MineralStatistics/MineralSectors/Coal/ProductionandValues/Pages/AnnualCoalProduction.aspx>
- What percentage of that is subject to carbon tax because it's actually combusted in B.C. versus what percentage is exported?
  - The carbon tax applies to the purchase or use of fuels within the province. All fuel purchased or used in B.C. ~~British Columbia~~ is subject to the carbon tax unless specifically exempt. Because it is levied at the point of purchase, fuel coming into the province from outside of B.C. ~~an outside source~~ is also subject to carbon tax.
  - Fuel used outside of B.C. is not subject to B.C. carbon tax. This includes fuel used outside of B.C. to manufacture fuel subsequently imported into B.C. or fuel manufactured in B.C. that is subsequently exported for use outside the province.
  - The province is taking responsibility for emissions released within B.C., but recognizes that other jurisdictions will need to introduce their own GHG reduction policies. The intention is to effectively tax the emissions resulting from the purchase and use of fuels within the province.
  - The attached file, "BC Origin Exports of Energy Products, Value and Quantity," contains specific figures on energy exports.
- At what point is carbon tax assessed within fossil fuel production and distribution system? Is it always assessed at point of purchase, or at producer level, or does it vary?
  - The tax is imposed on the end consumer of fuel at the time of sale or use.
  - To protect provincial revenue and reduce the compliance burden of fuel sellers, the carbon tax has a security scheme like the security scheme under the Motor Fuel Tax Act.

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, June 16, 2014 4:29 PM  
**To:** Cadar, Jennifer GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** FW: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, June 16, 2014 4:28 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** Re: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

See Annes omments

Paul Flanagan  
Executive Director, Tax Policy Branch  
BC Ministry of Finance

----- Original message -----

From: "Foy, Anne FIN:EX"  
Date:06-16-2014 2:23 PM (GMT-08:00)  
To: "Flanagan, Paul FIN:EX"  
Subject: RE: For approval: MEDIA REQUEST: Carbon tax - Seattle Times

I have significant concerns with the Ministry of Finance providing data from CAPP – if no provincial data is available, we should say no provincial data is available and at most provide a link to alternative data sources. I have no way of verifying the data provided.

With regards to the remaining bullets:

- ~~Neither the emissions released elsewhere to produce fuel imported to B.C. nor the emissions released elsewhere from burning fuel exported from BC are included in the tax base.~~

This bullet is a problem because we do not tax emissions, we tax the purchase and use of fuel.

- Fuel used outside of BC is not subject to BC carbon tax, this includes fuel used outside of BC to manufacture fuel subsequently imported into BC or fuel manufactured in BC that is subsequently exported for use outside the province.
- The province is taking responsibility for emissions released within B.C., but recognizes that other jurisdictions will need to introduce their own GHG reduction policies. The intention is to effectively tax the emissions resulting ~~from burning fossil fuels within the province~~ from the purchase and use of fuels within the province.

We can't say fossil fuel because the tax applies to ethanol and biodiesel and we can't refer to burning because the tax also applies to fuel purchased in BC that is not combusted unless a specific exempt applies

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Cadour, Jennifer GCPE:EX  
**Sent:** Monday, June 16, 2014 2:05 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX  
**Subject:** For approval: MEDIA REQUEST: Carbon tax - Seattle Times  
**Importance:** High

Hi Anne and Paul,

For review and approval, here is the media request we have been discussing. Answers highlighted below. Please approve at your earliest convenience:

**Reporter / Outlet / Contact:** Hal Bernton, Seattle Times, 206 423 1898, [hbernton@seattletimes.com](mailto:hbernton@seattletimes.com)

**Request:** Reporter is working on a series about efforts to reduce carbon emissions. He wants to know more about B.C.'s carbon tax as it relates to fossil fuels destined for export. Specific questions are:

- Are there any figures on total amount of fossil fuels produced in province?
- What percentage of that is subject to carbon tax because it's actually combusted in B.C. versus what percentage is exported?
- At what point is carbon tax assessed within fossil fuel production and distribution system? Is it always assessed at point of purchase, or at producer level, or does it vary?

**Recommendation / Response:**

- Are there any figures on total amount of fossil fuels produced in province?
  - The attached file, "Fossil Fuel Production," contains the production data up to 2012.
  - The complete data set is only available up to 2012; for more information, some of the data is available to 2013 (including possible revisions to pre-2013 data) at this website: <http://www.capp.ca/library/statistics/handbook/pages/statisticalTables.aspx?sectionNo=4%20-%20OilLfflgQA1wz>
- What percentage of that is subject to carbon tax because it's actually combusted in B.C. versus what percentage is exported?
  - The carbon tax applies to the purchase or use of fuels within the province. All fuel purchased or used in British Columbia is subject to the carbon tax unless specifically exempt. Because it is levied at the point of purchase, fuel coming in from an outside source is also subject to carbon tax.
  - Neither the emissions released elsewhere to produce fuel imported to B.C. nor the emissions released elsewhere from burning fuel exported from BC are included in the tax base.
  - The province is taking responsibility for emissions released within B.C., but recognizes that other jurisdictions will need to introduce their own GHG reduction policies. The intention is to effectively tax the emissions resulting from burning fossil fuels within the province.
  - The attached file, "BC Origin Exports of Energy Products, Value and Quantity," contains specific figures on energy exports.
- At what point is carbon tax assessed within fossil fuel production and distribution system? Is it always assessed at point of purchase, or at producer level, or does it vary?
  - The tax is imposed on the end consumer of fuel at the time of sale or use.

- To protect provincial revenue and reduce the compliance burden of fuel sellers, the carbon tax has a security scheme like the security scheme under the Motor Fuel Tax Act.

**Date & Time of Inquiry:** 12:22 PM, Jun. 16, 14

**Background:**

**Link to the series:** [http://seattletimes.com/html/nationworld/2023524884\\_chinaseriesintroxml.html](http://seattletimes.com/html/nationworld/2023524884_chinaseriesintroxml.html)

Jennifer Cadore, Public Affairs Officer  
Ministry of Finance  
Government of British Columbia  
250-387-1248

**Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, July 11, 2014 3:26 PM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** FW: MEDIA REQUEST: LNG producers and Carbon tax - will they have to pay it?

Please confirm

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Stewart, Janet GCPE:EX  
**Sent:** Friday, July 11, 2014 3:24 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: MEDIA REQUEST: LNG producers and Carbon tax - will they have to pay it?

Can you confirm this is currently public information?

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, July 11, 2014 3:17 PM  
**To:** Flanagan, Paul FIN:EX; Stewart, Janet GCPE:EX; Parkinson, Pat A FIN:EX  
**Cc:** Youngs, Kirsten R GCPE:EX  
**Subject:** RE: MEDIA REQUEST: LNG producers and Carbon tax - will they have to pay it?

The carbon tax applies to the purchase and use of fuels in BC including natural gas, unless a specific exemption applies.

Natural gas used to power LNG facilities will be subject to the carbon tax.

The current carbon tax rate on natural gas, equal to \$30 per tonne of carbon dioxide equivalent, is 5.70 cents per cubic metre.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Friday, July 11, 2014 3:14 PM  
**To:** Stewart, Janet GCPE:EX; Parkinson, Pat A FIN:EX  
**Cc:** Youngs, Kirsten R GCPE:EX; Foy, Anne FIN:EX  
**Subject:** Re: MEDIA REQUEST: LNG producers and Carbon tax - will they have to pay it?

Paul Flanagan  
Executive Director, Tax Policy Branch

BC Ministry of Finance

----- Original message -----

From: "Stewart, Janet GCPE:EX"

Date: 07-11-2014 2:55 PM (GMT-08:00)

To: "Parkinson, Pat A FIN:EX" , "Flanagan, Paul FIN:EX"

Cc: "Youngs, Kirsten R GCPE:EX" , "Stewart, Janet GCPE:EX"

Subject: MEDIA REQUEST: LNG producers and Carbon tax - will they have to pay it?

Hi Pat and Paul – a media request I'm hoping you can provide a response to that deals with LNG producers and carbon tax? tx

- **Am I right that LNG producers will have to pay the carbon tax? Been doing a google search, seems to be some uncertainty, but I would assume they would be taxed for emissions, yes?**



## **Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, July 14, 2014 1:57 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** RE: Enquiry; contact

I will call him so he understands the process (to contact CTB mailbox in future) and let him know I have forwarded his email to the mailbox

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Minishka, Bridget L FIN:EX  
**Sent:** Monday, July 14, 2014 1:56 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: Enquiry; contact

Just got this. I think it likely should go to the mailbox?

Did you want to reply?

**From:** Anholt, Jim MIT:EX  
**Sent:** Monday, July 14, 2014 1:55 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** Enquiry; contact

Hi Bridget. Sorry for the long winded voicemail.

I'm working with a client that is compiling a business case to develop gas-fired electrical generation capacity in the North East.

They have sent me a question related to Provincial Sales tax. I was not aware that in some circumstances, LNG facilities could be exempted from PST. Presumably this is on the sale of LNG for export (?).

If this question is better posed elsewhere in your ministry, I would be grateful if you could point me in the right direction:

*"We have a question for you related to BC tax policy. We understand that under certain circumstances, LNG facilities could be exempted from BC sales taxes. However, we are not aware of an exemption for power generation equipment. In a case like ours, in which the plant would be built to support natural gas extraction and processing in order to be delivered to the LNG facilities, is there any kind of sales tax policy we should research that would possibly apply to us, or would it be "business as usual" for us?"*

Many thanks, Jim

Jim Anholt  
Developed Markets, International Investment  
Ministry of International Trade  
Tel: 604-775-2275 Fax: 604-660-6833

Email: [Jim.Anholt@gov.bc.ca](mailto:Jim.Anholt@gov.bc.ca)  
Website: [www.britishcolumbia.ca/invest](http://www.britishcolumbia.ca/invest)

## Foy, Anne FIN:EX

---

**From:** Anholt, Jim MIT:EX  
**Sent:** Monday, July 14, 2014 3:35 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: Enquiry; contact

Anne: Thank you very much for your speedy response. I will share this email with our group as we deal with these issues all the time.

Much appreciated. Jim

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, July 14, 2014 2:25 PM  
**To:** Anholt, Jim MIT:EX  
**Subject:** RE: Enquiry; contact

Hi Jim,

Further to our phone call, if any of your clients have questions about how the PST or other consumption taxes (i.e. carbon tax, motor fuel tax or tobacco tax) apply you should be advising them to send their questions to the Ministry of Finance at :

Email: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

Phone: 1-877-388-4440  
(toll free within Canada)

If your clients have questions about property taxes, they should contact the specific municipality or for property taxes in the rural area (outside a municipality) [ruraltax@gov.bc.ca](mailto:ruraltax@gov.bc.ca)

If you clients have questions about income taxes (personal or corporate) they should contact the Canada Revenue Agency.

As mentioned, because taxes can be technically complex and fact specific, you may not wish to be the go between.

For your question below, I have already forwarded it.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Anholt, Jim MIT:EX  
**Sent:** Monday, July 14, 2014 1:55 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** Enquiry; contact

Hi Bridget. Sorry for the long winded voicemail.

I'm working with a client that is compiling a business case to develop gas-fired electrical generation capacity in the North East.

They have sent me a question related to Provincial Sales tax. I was not aware that in some circumstances, LNG facilities could be exempted from PST. Presumably this is on the sale of LNG for export (?).

If this question is better posed elsewhere in your ministry, I would be grateful if you could point me in the right direction:

*"We have a question for you related to BC tax policy. We understand that under certain circumstances, LNG facilities could be exempted from BC sales taxes. However, we are not aware of an exemption for power generation equipment. In a case like ours, in which the plant would be built to support natural gas extraction and processing in order to be delivered to the LNG facilities, is there any kind of sales tax policy we should research that would possibly apply to us, or would it be "business as usual" for us?"*

Many thanks. Jim

Jim Anholt  
Developed Markets, International Investment  
Ministry of International Trade  
Tel: 604-775-2275 Fax: 604-660-6833  
Email: [Jim.Anholt@gov.bc.ca](mailto:Jim.Anholt@gov.bc.ca)  
Website: [www.britishcolumbia.ca/invest](http://www.britishcolumbia.ca/invest)

## Foy, Anne FIN:EX

---

**From:** Anholt, Jim MIT:EX  
**Sent:** Friday, July 18, 2014 3:49 PM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: For CTB mail box

Thank you for your informative and timely response. As suggested, should the client require greater detail or clarification, I will suggest that they speak to MoF staff directly at the enquiry number listed below.

Very much appreciated. Jim

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Friday, July 18, 2014 3:30 PM  
**To:** Anholt, Jim MIT:EX  
**Subject:** FW: For CTB mail box

Thank you for your inquiry.

Your ruling request has been forwarded to us for response.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [Provincial Sales Tax Act \(PSTA\)](#)
- [Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)
- [Provincial Sales Tax Regulation \(PSTR\)](#)

PST applies to retail sales and leases of tangible personal property (TPP -- goods), software, related services, legal services, telecommunication services, and accommodation.

In your original e-mail you asked:

*"We have a question for you related to BC tax policy. We understand that under certain circumstances, LNG facilities could be exempted from BC sales taxes. However, we are not aware of an exemption for power generation equipment. In a case like ours, in which the plant would be built to support natural gas extraction and processing in order to be delivered to the LNG facilities, is there any kind of sales tax policy we should research that would possibly apply to us, or would it be "business as usual" for us?"*

Our understanding is that you are enquiring about the exemption for production machinery and equipment (PME) and how, specifically, it may apply to equipment used in generating electricity for own business use and/or sale.

As a general matter, please see [Bulletin PST 110, Production Machinery and Equipment](#). Manufacturers of goods may be eligible for the PME exemption.

Electricity is TPP. Therefore, if you qualify as a manufacturer of electricity you may be eligible for the PME exemption on your purchase of qualifying machinery and equipment.

Whether equipment purchased qualifies for the exemption for PME depends on whether:

- You meet the qualifying threshold of manufacturing/production (\$30,000/year for sale and/or own business use);
- The equipment is used over 50% of the time in a qualifying manufacturing activity; and
- this over 50% use is at the qualifying part of the manufacturing site.

Further, as discussed on pages 15-16 of the bulletin:

### **Manufacturers**

Manufacturers qualify for the PM&E exemption for electrical machinery and equipment if:

- the electrical machinery and equipment are obtained by a manufacturer of qualifying goods other than electricity,
- the electrical machinery and equipment are for use in BC substantially in the transmission or distribution of electricity at or to the qualifying part of the manufacturing site,
- the electrical machinery and equipment are to be situated at a manufacturing site, and
- the electricity is for use primarily and integrally in the manufacture of qualifying goods (e.g. electroplating or electrolysis), or
- primarily to power PM&E that is exempt under the PM&E exemptions for:
  - manufacturers
  - pollution control
  - waste management
  - transmission or distribution of goods or software
  - PM&E used to operate, control or monitor exempt PM&E

**Please note:** Eligible manufacturers of electricity may also qualify for the PM&E exemption for manufacturers, and may obtain PM&E, such as transformers and equipment designed for use with transformers, exempt from PST, provided that the PM&E is used primarily and directly in the manufacture of electricity within the qualifying part of a manufacturing site.

...

### **Electricity Used Primarily for a Non-Qualifying Purpose**

If 50% or more of the electricity is used for a purpose other than the above purposes, such as the general use of a building, the transformer or other equipment for use and used with transformers is not eligible for the PM&E exemption.

With respect to oil and gas producers, please see **Bulletin PST 113, Oil and Gas Industry - Producers and Processors**. As discussed on page 7:

Oil and gas producers qualify for the PM&E exemption for electrical machinery and equipment if:

- the electrical machinery and equipment are obtained by an oil and gas producer for use in BC substantially in the transmission or distribution of electricity at or to the well site or the qualifying part of the processing plant or refinery,
- the electrical machinery and equipment are to be situated at the well site, processing plant or refinery, and
- the electricity is for use:
  - primarily and integrally in the extraction or processing of qualifying petroleum or natural gas, or
  - primarily to power PM&E that is exempt under the PM&E exemptions for:
    - a extraction or processing of qualifying petroleum or natural gas,

- o pollution control,
- o waste management,
- o transmission or distribution of goods or software, or
- o PM&E used to operate, control or monitor exempt PM&E.

You may purchase qualifying equipment exempt of PST by providing your supplier with a completed **FIN 492 - Certificate of Exemption - Production Machinery and Equipment**.

Please note, however, that the PM&E exemption for manufacturing does not apply to LNG production. Once the natural gas is a marketable product ("pipeline quality"), any machinery and equipment used to process or further process that natural gas, including the equipment used to convert the gas into LNG, does not qualify for exemption. More information is available at our **LNG FAQ's**.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Monday, July 14, 2014 2:26 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** FW: For CTB mail box

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, July 14, 2014 2:06 PM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** For CTB mail box

Hi Joel,

I have advised Jim that his email has been forwarded to the mailbox for reply.

I have also given him both the mailbox email address and phone number and recommended that he tell his clients to use them rather than be the go between.

I have also told him at a very high level that yes, manufacturing electricity for resale would be manufacturing for the purposes of the PM&E so M&E used primarily and directly to produce electricity would qualify for PST exemption if all other conditions are met.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Minishka, Bridget L FIN:EX  
**Sent:** Monday, July 14, 2014 1:56 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: Enquiry; contact

Just got this. I think it likely should go to the mailbox?

Did you want to reply?

**From:** Anholt, Jim MIT:EX  
**Sent:** Monday, July 14, 2014 1:55 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** Enquiry; contact

Hi Bridget. Sorry for the long winded voicemail.

I'm working with a client that is compiling a business case to develop gas-fired electrical generation capacity in the North East.

They have sent me a question related to Provincial Sales tax. I was not aware that in some circumstances, LNG facilities could be exempted from PST. Presumably this is on the sale of LNG for export (?).

If this question is better posed elsewhere in your ministry, I would be grateful if you could point me in the right direction:

*"We have a question for you related to BC tax policy. We understand that under certain circumstances, LNG facilities could be exempted from BC sales taxes. However, we are not aware of an exemption for power generation equipment. In a case like ours, in which the plant would be built to support natural gas extraction and processing in order to be delivered to the LNG facilities, is there any kind of sales tax policy we should research that would possibly apply to us, or would it be "business as usual" for us?"*

Many thanks. Jim

Jim Anholt  
Developed Markets, International Investment  
Ministry of International Trade  
Tel: 604-775-2275 Fax: 604-660-6833  
Email: [Jim.Anholt@gov.bc.ca](mailto:Jim.Anholt@gov.bc.ca)  
Website: [www.britishcolumbia.ca/invest](http://www.britishcolumbia.ca/invest)



**Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, August 11, 2014 10:15 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE:

Jordon confirmed that while they have released redacted rulings under FOIPPA, they generally do not release them.

Rulings are generally fact specific so giving a redacted ruling to another taxpayer may not be all that useful.

Can you give me more details on what you are looking for re PST and LNG – there may be other public information that would be more useful.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Friday, August 8, 2014 12:09 PM  
**To:** Foy, Anne FIN:EX  
**Subject:**

Anne. Is it possible to give out a redacted ruling request on past and lng? Could you check with Jordan on that?

Paul Flanagan  
Executive Director, Tax Policy Branch  
BC Ministry of Finance

**Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 11:50 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX  
**Subject:** RE: LNG MFT Query

I will confirm the intention with Paul and let you know.

Please hold off in responding until we've gotten back to you

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 11:48 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX  
**Subject:** FW: LNG MFT Query

FYI – as this has to do with the applicable MFT rates, it is at least in part a tax policy issue. Thoughts?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

s.17,s.21

**From:**  
**Sent:** Friday, October 24, 2014 10:27 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** LNG MFT Query

Good morning Jordan

s.17,s.21

Regards

Page 142

Withheld pursuant to/removed as

s.21;s.17

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 12:18 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX  
**Subject:** RE: LNG - Sales Tax; Fuel Tax

I would respond with the standard PST response – NG to LNG is not manufacturing for the purposes of the PM&E exemptions

For the MFTA and CTA is OK to say there are no changes in the tax application.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Hughson, Hugh FIN:EX  
**Sent:** Friday, October 24, 2014 12:11 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Goss, Jordan T FIN:EX  
**Subject:** FW: LNG - Sales Tax; Fuel Tax  
FYI - Another similar LNG question.  
Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.

**From:** s.17,s.21  
**Sent:** Tuesday, October 21, 2014 2:25 PM  
**To:** Hughson, Hugh FIN:EX  
**Subject:** LNG - Sales Tax; Fuel Tax

I am just reading about the LNG Income Tax changes. I have not seen any mention of Sales Tax or Fuel Tax or Carbon Tax - is this correct there are no changes to those taxes with this project?

s.17,s.21

Page 144

Withheld pursuant to/removed as

s.21;s.17

## Foy, Anne FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 31, 2014 8:52 AM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

Paul

☞ has asked about a reply. Can you advise when we can respond?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Friday, October 24, 2014 2:31 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

Jordan. Can you hold off responding for a bit?

Paul

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 2:30 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

Thanks. We will send out a response from the mailbox.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 12:15 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

I have discussed with Paul.

Both the PST and MFTA refer to "processing plant" but only the PST defines it.

The PST definition does not apply to the MFTA because it is only a definition for the purposes of the PM&E exemptions.

s.13

Give me a call if you would like to discuss further.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 11:48 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX  
**Subject:** FW: LNG MFT Query

FYI – as this has to do with the applicable MFT rates, it is at least in part a tax policy issue. Thoughts?

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Friday, October 24, 2014 10:27 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** LNG MFT Query

Good morning Jordan

s.17,s.21



Page 148

Withheld pursuant to/removed as

s.21;s.17

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, November 14, 2014 1:02 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Purnell, Richard FIN:EX; Dawkins, Christina FIN:EX; Parkinson, Pat A FIN:EX  
**Subject:** RE: PST on related services & LNG

s.13

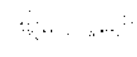
Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Friday, November 14, 2014 12:27 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Purnell, Richard FIN:EX; Dawkins, Christina FIN:EX; Parkinson, Pat A FIN:EX  
**Subject:** RE: PST on related services & LNG

s.13

Have a nice day.

Paul



**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, November 12, 2014 2:25 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Purnell, Richard FIN:EX; Dawkins, Christina FIN:EX; Parkinson, Pat A FIN:EX  
**Subject:** PST on related services & LNG

Paul,

In discussing the LNGITA with Gurcharn, we identified a PST issue that does not appear to have been considered.

Some LNG facility operators will be service providers: they will be providing services to natural gas owned by other people for a fee.

Under the PST, these operators will be providing a related service and will be required to levy and collect PST on 7% of the purchase price of the service fee (e.g. the tolling charges).

A taxable related service is any service provided to tangible personal property, unless a specific exemption applies.

Natural gas is tangible personal property.

The existing exclusion from the definition of related service for “a service provided to manufacture tangible personal property that is fundamentally different from the tangible personal property from which it was manufactured” – does not apply, because (a) converting natural gas to LNG is not manufacturing and (b) LNG is not fundamentally different from natural gas.

s.13

Let know if you require anything further.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

## Foy, Anne FIN:EX

---

**From:** Foster, Doug FIN:EX  
**Sent:** Friday, November 14, 2014 2:57 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Cc:** Hansen, Brian MNGD:EX  
**Subject:** FW: BC PST Presentation files  
**Attachments:** s.17,s.21

I managed to go back and find the below and attached.

Attached also shows that the material was shared then with Heather Wood and Duncan Jillings of Tax Policy, as well as Lynn Holt, our TB analyst at the time.

I do not have a record of comments or response.

Trust this helps. D.

**From:** Hansen, Brian MEM:EX  
**Sent:** Tuesday, June 19, 2012 12:10 PM  
**To:** Foster, Doug FIN:EX  
**Cc:** Bumstead, Melissa EMNG:EX  
**Subject:** FW: BC PST Presentation files

Doug,

Here are the documents we received in paper form at the meeting in May. See note below.

B

**From:** s.17,s.21  
**Sent:** Tuesday, June 19, 2012 8:21 AM  
**To:** Hansen, Brian MEM:EX  
**Cc:** s.17,s.21  
**Subject:** FW: BC PST Presentation files

Brian  
s.17,s.21

**Foy, Anne FIN:EX**

---

**From:** Foster, Doug FIN:EX  
**Sent:** Tuesday, June 19, 2012 12:14 PM  
**To:** Wood, Heather FIN:EX; Jillings, Duncan FIN:EX; Holt, Lynne FIN:EX  
**Subject:** FW: BC PST Presentation files  
**Attachments:** s.17,s.21

Info and comments please. D.

**From:** Hansen, Brian MEM:EX  
**Sent:** Tue, June 19, 2012 12:10 PM  
**To:** Foster, Doug FIN:EX  
**Cc:** Bumstead, Melissa MEM:EX  
**Subject:** FW: BC PST Presentation files

Doug,  
Here are the documents we received in paper form at the meeting in May. See note below.  
B

s.17,s.21  
**From:**  
**Sent:** Tuesday, June 19, 2012 8:21 AM  
**To:** Hansen, Brian MEM:EX  
**Cc:** s.17,s.21  
**Subject:** FW: BC PST Presentation files

Brian  
s.17,s.21

Page 153 to/à Page 200

Withheld pursuant to/removed as

s.13;s.17

## Foy, Anne FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, November 14, 2014 3:43 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

Just following up to see if/when we can respond. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Friday, October 24, 2014 2:31 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

Jordan. Can you hold off responding for a bit?

Paul

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 2:30 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

Thanks. We will send out a response from the mailbox.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 12:15 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

I have discussed with Paul.

Both the PST and MFTA refer to "processing plant" but only the PST defines it.

The PST definition does not apply to the MFTA because it is only a definition for the purposes of the PM&E exemptions.

Even if the PST definition did apply to the MFTA, it does not create a problem for us:

- s.13
- That they may be processing natural gas at a processing plant for the PM&E processing exemption is OK – because that exemption ends at the moment the gas becomes marketable natural gas and we expect that for most LNG facilities what will be going into the plant is marketable natural gas. If for any reason it is not, then they would get the PM&E exemption for processing but only up to the point it is marketable natural gas.

With respect to the MFTA, it makes a different distinction. For compressing marketable natural gas the question is whether the compressor is located outside a gas processing plant or within a gas processing plant.

The intention of this distinction was to impose a higher rate of tax on pipelines compared to facilities.

We are OK with LNG facilities being a gas processing plant for the purposes of section 9 of the MFTA

Note, just to be clear: the exemption from tax if the compressor is used to transmit waste gas, consisting primarily of "hydrogen sulphide and carbon dioxide within a processing plant or from a plant to a well, does NOT apply to the gas liquids (as that is understood within the meaning of the CTA because they are not comprised primarily of hydrogen sulphide and carbon dioxide) and does not apply to the waste gas going from the plant to any location OTHER than a well.

Give me a call if you would like to discuss further.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 11:48 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX  
**Subject:** FW: LNG MFT Query

FYI – as this has to do with the applicable MFT rates, it is at least in part a tax policy issue. Thoughts?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance



Ph. (250) 387-0611

MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Friday, October 24, 2014 10:27 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** LNG MFT Query

Good morning Jordan

s.17,s.21

Page 204

Withheld pursuant to/removed as

s.21;s.17

**Foy, Anne FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 25, 2015 9:00 AM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: LNG Processing as Manufactured asset.

**Importance:** High

s.13

I am meeting with CAPP on Monday evening

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Wednesday, February 25, 2015 8:28 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: LNG Processing as Manufactured asset.

Jordan,

Another question has come in. See below.

s.17,s.21

**From:** s.17,s.21  
**Sent:** February-25-15 9:19 AM  
**To:** s.17,s.21  
**Subject:** LNG Processing as Manufactured asset.

s. I will not be able to make it to the meeting on Monday evening.

Is it possible to have this question posed at the meeting.

s.17,s.21

## Foy, Anne FIN:EX

---

**From:** Gillies, Jessica FIN:EX  
**Sent:** Friday, March 6, 2015 10:28 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Morgan, Melissa FIN:EX  
**Subject:** FW: Carbon Tax

Anne, I received this question from MNGD. Are you able to answer this question, or should we see if FIN can respond to the letter instead, or...?

Thanks!

Jessica Gillies  
Correspondence Manager, Ministry of Finance  
[Correspondence intranet page](#) | [CLIFF user guide](#)  
phone 250 387 3513

*This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender immediately. Any unauthorized copying, disclosure or distribution of the e-mail or the information it contains is strictly forbidden.*

**From:** Restall, Analise MNGD:EX  
**Sent:** Friday, March 6, 2015 10:26 AM  
**To:** Gillies, Jessica FIN:EX  
**Subject:** Carbon Tax

Good morning Jessica,

I'm wondering if you know of anyone who would be exempt from the Carbon Tax. LNG has a letter to respond to that states gas producers are exempt from the tax.

Thanks in advance,

**Analise Restall**  
Program Assistant and Assistant to Suzanne Manahan  
LNG Task Force | Ministry of Natural Gas Development  
Phone: (250) 953-3743 | Fax: (250) 387-6209 | Email: [analise.restall@gov.bc.ca](mailto:analise.restall@gov.bc.ca)

**Subject:** FW: LNG is not the Answer

-----Original Message-----

From: s.22

Sent: Wednesday, February 25, 2015 2:39 PM

To: OfficeofthePremier, Office PREM:EX

Subject: LNG is not the Answer

Dear Premier,

I am writing you because I am deeply concerned about your government's apparent intention to commit our province to what I can only describe as a reckless (and somewhat desperate) attempt to realize grossly inflated profit and job bonanzas in the LNG industry, while ignoring or glossing over many serious environmental and public safety concerns.

LNG may be a "cleaner burning fossil fuel" than oil, but from gas well to combustion, the overall climate impact of LNG is worse than oil, and begins to rival coal according to Robert Howarth et al in a 2011 article published in Climatic Change. Ninety percent of new gas wells supplying the LNG industry are drilled using hydraulic tracking techniques. Fracking allows huge quantities of methane gas to escape into the atmosphere. Some of this gas is intentionally "vented", some is burned off, and some simply escapes. Methane, in the short term, is EIGHTY times more potent than carbon dioxide in contributing to climate change. This is bad enough, but your government has also chosen to exempt the gas industry from paying the provincial carbon tax. Why are gas producers exempted from this tax when they are undoubtably one of the province's biggest contributors to climate change?? It makes no sense environmentally.

Fracking, of course, also presents huge risks to clean water supplies from the many toxic chemicals injected into wells.

Furthermore, two giant LNG plants are proposed for the mouth of the Skeena river near Prince Rupert. Dredging for the construction of these plants will destroy the eelgrass beds of Flora Banks, a vital resting and feeding area for 330 million juvenile salmon each year before they venture out to sea.

Your government should also be asking the federal government why they are concerned about the "public safety risks" presented by LNG tanker traffic to LNG terminals proposed for the state of Maine, but apparently have no such concerns for the same traffic on the west coast.

The plain fact of the matter is, LNG is not a clean burning alternative to oil and coal, and it is not the answer to the problem of climate change. British Columbia should be investing in truly clean alternatives to fossil fuel; and the focus in other natural resource industries, such as forestry, should be on generating more value-added jobs heard in B.C. instead of shipping raw logs out of the province.

Take the courageous path- the right path for future generations - and leave some gas and oil deposits in the ground!

Sincerely,

s.22

## Foy, Anne FIN:EX

---

**From:** Morgan, Melissa FIN:EX  
**Sent:** Friday, March 6, 2015 12:47 PM  
**To:** Gillies, Jessica FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: Carbon Tax (342223)  
**Attachments:** 342223 - s.22 carbon tax on oil and gas sector.docx

Hi Jessica – attached is the response for 342223.

Thanks!  
Melissa

**From:** Gillies, Jessica FIN:EX  
**Sent:** Friday, March 6, 2015 12:10 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Morgan, Melissa FIN:EX  
**Subject:** RE: Carbon Tax (342223)

Thanks! The CLIFF number is 342223.

Jessica Gillies  
Correspondence Manager, Ministry of Finance  
[Correspondence intranet page](#) | [CLIFF user guide](#)  
phone 250 387-3513

*This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender immediately. Any unauthorized copying, disclosure or distribution of the e-mail or the information it contains is strictly forbidden.*

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, March 6, 2015 11:49 AM  
**To:** Gillies, Jessica FIN:EX  
**Subject:** RE: Carbon Tax

Agreed

I will prepare the carbon tax response and have it sent to you

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Gillies, Jessica FIN:EX  
**Sent:** Friday, March 6, 2015 11:42 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: Carbon Tax

Anne, the letter MNGD was asking about is attached. We could always have them respond to their part and refer the carbon tax question to us for a separate response. What do you think?



Thanks!

Jessica Gillies

Correspondence Manager, Ministry of Finance

[Correspondence intranet page](#) | [CLIFF user guide](#)

phone 250 387-3513

*This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender immediately. Any unauthorized copying, disclosure or distribution of the e-mail or the information it contains is strictly forbidden.*

**From:** Restall, Analise MNGD:EX

**Sent:** Friday, March 6, 2015 11:24 AM

**To:** Gillies, Jessica FIN:EX

**Subject:** RE: Carbon Tax

Hi Jessica,

If you would prefer to respond to it directly, that's fine. However, if you want to just send us language to use we can incorporate it into our response. The majority of the letter is LNG related. I've attached it here for your review. The comment regarding the Carbon Tax is at the end of the second paragraph.

Analise

**From:** Gillies, Jessica FIN:EX

**Sent:** Friday, March 6, 2015 11:05 AM

**To:** Restall, Analise MNGD:EX

**Subject:** RE: Carbon Tax

Hi Analise,

I asked our Tax Policy staff and it sounds like this is something that FIN should respond to. Would you be able to refer it to us for response?

Jessica Gillies

Correspondence Manager, Ministry of Finance

[Correspondence intranet page](#) | [CLIFF user guide](#)

phone 250 387-3513

*This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the sender immediately. Any unauthorized copying, disclosure or distribution of the e-mail or the information it contains is strictly forbidden.*

**From:** Restall, Analise MNGD:EX

**Sent:** Friday, March 6, 2015 10:26 AM

**To:** Gillies, Jessica FIN:EX

**Subject:** Carbon Tax

Good morning Jessica,

I'm wondering if you know of anyone who would be exempt from the Carbon Tax. LNG has a letter to respond to that states gas producers are exempt from the tax.

Thanks in advance,

Analise Restall

Program Assistant and Assistant to Suzanne Manahan  
LNG Task Force | Ministry of Natural Gas Development  
Phone: (250) 953-3743 | Fax: (250) 387-6209 | Email: [analise.restall@gov.bc.ca](mailto:analise.restall@gov.bc.ca)

Thank you for your email of February 25, 2015, addressed to the Honourable Christy Clark, Premier, regarding the LNG industry. Your questions about the carbon tax have been forwarded to the Ministry of Finance.

The oil and gas industry in British Columbia is not exempt from carbon tax. The sector pays carbon tax on their purchase and use of fuels, including natural gas, at the same rate as others who purchase and use fuels in British Columbia.

While venting natural gas is not a use of natural gas for the purposes of the carbon tax, it is subject to regulation by the BC Oil and Gas Commission.

Thank you for taking the time to write.

## Foy, Anne FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, April 17, 2015 1:17 PM  
**To:** Jillings, Duncan FIN:EX  
**Subject:** RE: REQUEST: s.17, LNG and PST

Hi Duncan,

Energy and Mines should recommend to ~~e 1~~ that it contact the Ministry of Finance by email at [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca) or by telephone at 1 877 388-4440

Given the complexities of the tax, Energy and Mines should not try to be an intermediary.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Jillings, Duncan FIN:EX  
**Sent:** Friday, April 17, 2015 10:34 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: REQUEST: s.17, LNG and PST

Who should this go to?

Duncan Jillings  
Director, Property Taxation  
Tax Policy Branch  
Ministry of Finance  
(250) 387-7324  
cell: (250) 208-4205

**From:** Chace, Julie MEM:EX  
**Sent:** Friday, April 17, 2015 9:49 AM  
**To:** Jillings, Duncan FIN:EX  
**Subject:** RE: REQUEST: s.17, LNG and PST

Hi Duncan,

I wanted to follow up on this email from last week, are you able to refer me to someone in MoF that could assist?

Thanks!  
Julie

**From:** Chace, Julie MEM:EX  
**Sent:** Friday, April 10, 2015 9:19 AM  
**To:** Jillings, Duncan FIN:EX  
**Subject:** REQUEST: s.17, LNG and PST

Hi Duncan

I hope you are doing well. I am looking for someone in finance who could answer some questions about PST and LNG facilities. I am still working with **s.17,s**

**s.13,s.17,s.21**

We are unclear as to whether they would be eligible for PST exemption. Are you able to refer me to someone in Finance who is well versed in this area of PST?

Thank you very much,

**Julie Chace**

Director, Transmission and Inter-jurisdiction  
Electricity and Alternative Energy Division  
Ministry of Energy and Mines

Tel: 250.952.0267

Cell: 778.677.6365

## **Foy, Anne FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, April 23, 2015 9:04 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE: FIN Media Req: Bloomberg - LNG proponent seeking PST break

s.13

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, April 22, 2015 8:49 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** Fwd: FIN Media Req: Bloomberg - LNG proponent seeking PST break  
**Importance:** High

s.13

Paul Flanagan  
Executive Director, Tax Policy Branch  
BC Ministry of Finance

----- Original message -----

**From:** "Edwardson, Jamie GCPE:EX"  
**Date:** 04-22-2015 6:35 PM (GMT-08:00)  
**To:** "Flanagan, Paul FIN:EX" ; "Milburn, Peter R FIN:EX"  
**Subject:** FW: FIN Media Req: Bloomberg - LNG proponent seeking PST break

s.13

**From:** Menzies, Brian FIN:EX  
**Sent:** Wednesday, April 22, 2015 6:28 PM  
**To:** Edwardson, Jamie GCPE:EX  
**Subject:** RE: FIN Media Req: Bloomberg - LNG proponent seeking PST break

Take a look at this.

---

**Reporter / Outlet / Contact:** Bloomberg – Chris Donville

**Deadline:** asap

**BACKGROUND NOTE:**

- Reporter indicated the industry cites the federal change on CCMA, and says treating the industry as a manufacturer for the PST purpose would be consistent with the federal change.
- GCPE has clarified with the reporter that the federal government did NOT change the classification of the LNG industry to manufacturing – rather it made changes to the rate structure within the existing classification to improve the rates that apply.

**Date & Time of Inquiry: Apr. 22, 15 6:13 PM**

**Foy, Anne FIN:EX**

---

**From:** Hughson, Hugh FIN:EX  
**Sent:** Monday, June 29, 2015 10:14 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: Questions on carbon tax in oil and gas

I was wondering if you wanted to respond to this inquiry?

s.17,s.21

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

***Warning:** This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

**From:** s.17,s.21  
**Sent:** Monday, June 29, 2015 9:42 AM  
**To:** FIN REV G CTB Carbon Tax FIN:EX  
**Subject:** Questions on carbon tax in oil and gas

Dear Sir or Madam

I have been redirected by your colleague Greg at the Ministry of Finance to you to ask my questions I have about the carbon tax.

s.17,s.21



Page 219

Withheld pursuant to/removed as

s.21;s.17

**Foy, Anne FIN:EX**

---

**From:** Hughson, Hugh FIN:EX  
**Sent:** Monday, June 29, 2015 10:16 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: Questions on LNG env. incentive program interaction with carbon tax  
s.17,s.21

FYI/FYA - Another from the same organization.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

**From:** s.17,s.21  
**Sent:** Monday, June 29, 2015 9:45 AM  
**To:** FIN REV CTB Fuel Tax FIN:EX  
**Subject:** Questions on LNG env. incentive program interaction with carbon tax

Dear Sir or Madam

I have been referred to you to seek clarifications on certain points of the LNG environmental incentive program and its interaction with the carbon tax.

s.17,s.21



January 22, 2014

s.17,s.21

**Subject: Application of British Columbia Provincial Sales Tax to the Production Machinery and Equipment used to Manufacture LNG in British Columbia**

s.17,s.21

Dear

Thank you for your email and attached submission to Paul Flanagan dated July 31, 2013, in which you requested a ruling concerning the application of provincial sales tax (PST) to the liquefied natural gas ("LNG") facility.

### **RULING REQUEST**

In your comprehensive submission, you explain how s.17,s.21  
s.17,s.21 qualifies as manufacturing for the purposes of the production machinery and equipment (PM&E) exemption under the Provincial Sales Tax Exemption and Refund Regulation (PSTERR). s.17,s.21  
s.17,s.21

### **RULING**

The PM&E exemption provides PST exemptions for several industries, including manufacturing and oil and gas production. As part of the re-implementation of the PST, the PM&E exemption in the PSTERR was drafted to include distinct provisions for the different industries that qualify for exemption.

### **Manufacturers**

---

**Ministry of Finance**

Mailing Address:  
2<sup>nd</sup> Floor - 1802 Douglas Street  
Victoria, BC V8T 4K6  
Telephone: 1-877-388-4440  
Facsimile: 250 356-2195  
Email: CTBTaxQuestion@gov.bc.ca

Oil and gas producers are defined in the PSTERR to include persons that extract or process petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 ("Extraction or processing of petroleum or natural gas") of the PSTERR.

Qualifying manufacturers may make exempt purchases in accordance with section 92 ("Manufacturing") of the PSTERR.

Although the definition of manufacturing includes processing, it does not include the processing of natural gas.

Had the intention been for manufacturing to include natural gas processing, the distinct PM&E provision for oil and gas producers (section 95) would be unnecessary.

Therefore, oil and gas producers are not eligible to purchase machinery and equipment used to process natural gas exempt from PST under section 92 of the PSTERR, including machinery and equipment used in the conversion of natural gas to LNG. This is because machinery and equipment used in the processing of natural gas may only qualify for exemption under section 95 of the PSTERR.

### **Oil and Gas Producers**

To qualify for exemption, machinery and equipment used in the processing of natural gas, including the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or "qualifying part" of the processing plant. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas is a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, machinery and equipment used to process that natural gas does not qualify for exemption.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This ruling and interpretation may be impacted by variations in

circumstance, subsequent changes to legislation or subsequent court decisions. This ruling and interpretation is provided as an aid to understanding the legislation and is not intended to replace the legislation. The Ministry is not responsible for updating this ruling and interpretation if there are any subsequent changes to the law.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)



May 9, 2014  
s.17,s.21

Subject: s.17,s.21  
liquefaction

**PST ruling request – natural gas**

Dear s.17,s.21

Thank you for your email and attached submission to Jordan Goss dated December 11, 2013, in which you requested a ruling concerning the application of provincial sales tax (PST) to machinery and equipment acquired for use in the processing of liquefied natural gas ("LNG").

#### **BACKGROUND**

We have based this ruling on the following background:

1. In is our understanding that , s.17,s.21  
s.17,s.21

2.

s.17,s.21

3.

4.

5.

6.

7

### **RULING REQUEST**

You have requested responses to the following specific questions:  
s.17,s.21

s.17,s.21

## **RELEVANT LEGISLATION**

The following provisions of the PSTERR are relevant to this ruling:

### **Definitions**

**90(1)** In this Part:

**"manufacture"**, subject to subsection (2), means

(a) to fabricate or manufacture tangible personal property to create a new product that is substantially different from the material or tangible personal property from which the new product was made, or

(b) to process tangible personal property by performing a series of operations or complex operation that results in a substantial change in the form or other physical or chemical characteristics of the tangible personal property,



but does not include performing a non-qualifying activity;

**"manufacturer"** means a person who manufactures a particular class of tangible personal property

- (a) for sale, if there is a reasonable expectation that the total value of sales of that class of tangible personal property will exceed \$30 000 per year,
- (b) for lease or for the person's own business use, if there is a reasonable expectation that the total manufacturing cost of that class of tangible personal property will exceed \$30 000 per year, or
- (c) for both a purpose referred to in paragraph (a) and a purpose referred to in paragraph (b), if there is a reasonable expectation that the total manufacturing cost of that class of tangible personal property will exceed \$30 000 per year;

**"marketable product"** means petroleum or natural gas, whether it occurs naturally or results from the refining or processing of petroleum or natural gas, that is

- (a) available for sale for direct consumption as a domestic, commercial or industrial fuel or as an industrial raw material, or
- (b) delivered to a storage facility;

**"oil and gas producer"** means a person who extracts or processes petroleum or natural gas

- (a) for sale, if there is a reasonable expectation that the total value of sales of that petroleum or natural gas will exceed \$30 000 per year,
- (b) for the person's own business use, if there is a reasonable expectation that the total cost of extracting or processing that petroleum or natural gas will exceed \$30 000 per year, or
- (c) for both a purpose referred to in paragraph (a) and a purpose referred to in paragraph (b), if there is a reasonable expectation that the total cost of extracting or processing that petroleum or natural gas will exceed \$30 000 per year;

**"qualifying part"**, in respect of

...

(b) a processing plant or refinery, means the part of the processing plant or refinery up to the point at which the petroleum or natural gas being processed or refined has become a marketable product, ...

### **Manufacturing**

**92(1)** Subject to subsections (2) and (3), the following are exempt from tax imposed under Part 3 of the Act, other than Division 9 of that Part, if obtained by a manufacturer:

(a) machinery or equipment obtained for use in British Columbia primarily and directly in the manufacture of qualifying tangible personal property;

(b) machinery or equipment obtained for use in British Columbia primarily and directly in

(i) the manufacture of tangible personal property, or

(ii) the development of Part 4 software

for use in British Columbia in the manufacture of qualifying tangible personal property.

(2) The exemption under subsection (1) applies only to machinery or equipment obtained for use primarily at the qualifying part of the manufacturing site.

(3) The exemption under subsection (1) does not apply to

(a) machinery or equipment, including transformers, pipes, valves, fittings, pumps, compressors and regulators, obtained for use in relation to the transmission or distribution of tangible personal property, or

(b) machinery or equipment obtained for use in relation to the transmission or distribution of Part 4 software.

### **Extraction or processing of petroleum or natural gas**

**95(1)** Subject to subsections (2) and (3), the following are exempt from tax imposed under Part 3 of the Act, other than Division 9 of that Part, if obtained by an oil and gas producer:

(a) machinery or equipment obtained for use in British Columbia primarily and directly in the extraction or processing of qualifying petroleum or natural gas;

(b) machinery or equipment obtained for use in British Columbia primarily and directly in

(i) the manufacture of tangible personal property, or

(ii) the development of Part 4 software

for use in British Columbia in the extraction or processing of qualifying petroleum or natural gas.

(2) The exemption under subsection (1) applies only to machinery or equipment obtained for use primarily at the well site or at the qualifying part of the processing plant or refinery.

(3) The exemption under subsection (1) does not apply to

(a) machinery or equipment, including transformers, pipes, valves, fittings, pumps, compressors and regulators, obtained for use in relation to the transmission or distribution of tangible personal property, or

(b) machinery or equipment obtained for use in relation to the transmission or distribution of Part 4 software.

(4) Generators to be located primarily at a well site are exempt from tax imposed under Part 3 of the Act, other than Division 9 of that Part, if the generators are obtained

(a) by an oil and gas producer, and

(b) for use in relation to the extraction or processing of qualifying petroleum or natural gas.

## **RULING**

s.13,s.17,s.21

Page 010 to/à Page 011

Withheld pursuant to/removed as

s.21;s.13;s.17

s.13,s.17,s.21

## **Appendix B**

Appendix B of your submission provides an “alternative exemption applicable to the acquisition of the FSUs”.

Section 55 of the PSTERR provides an exemption from PST under Part 3 of the PSTA for self-propelled vessels of more than 500 tons gross. This exemption applies to vessels that are purchased, leased, brought or sent into British Columbia or received in British Columbia.

At present all vessels, including the FSUs, that are self propelled vessels of more than 500 tons gross, are eligible for exemption under section 55 of the PSTERR. However, the government is currently reviewing the exemption with respect to LNG facilities including FSUs.

Should you require any additional information or have any questions concerning this ruling, please email to [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca).

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This ruling and interpretation may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. This ruling and interpretation is provided as an aid to understanding the legislation and is not intended to replace the legislation. The Ministry is not responsible for updating this ruling and interpretation if there are any subsequent changes to the law.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

Page 014 to/à Page 015

Withheld pursuant to/removed as

s.13;s.17

## Henderson, Jeff FIN:EX

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Friday, October 24, 2014 12:49 PM  
**To:** Dunham, Karen A FIN:EX; Erlic, David FIN:EX; Henderson, Jeff FIN:EX; Marshall, Laura FIN:EX; Michaud, Kathleen FIN:EX; Nagelbach, Alexander FIN:EX; O'Melinn, Sean FIN:EX; Pavlic, Milan FIN:EX; Preston, Keith DM FIN:EX; Scott, Bob FIN:EX; Boissevain, Aleksandra FIN:EX; Dell, Matt FIN:EX; Eggleston, Stephen D FIN:EX; Kataoka, Anita FIN:EX; Nijjar, Sukie FIN:EX; Power, Carolyn FIN:EX; Smith, Darren M FIN:EX  
**Subject:** FW: LNG MFT Query

FYI

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 12:15 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX; Purnell, Richard FIN:EX  
**Subject:** RE: LNG MFT Query

I have discussed with Paul.

Both the PST and MFTA refer to "processing plant" but only the PST defines it.

The PST definition does not apply to the MFTA because it is only a definition for the purposes of the PM&E exemptions.

s.13

...

Give me a call if you would like to discuss further.

Anne Foy  
Strategic Advisor



Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 11:48 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Hughson, Hugh FIN:EX  
**Subject:** FW: LNG MFT Query

FYI – as this has to do with the applicable MFT rates, it is at least in part a tax policy issue. Thoughts?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Friday, October 24, 2014 10:27 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** LNG MFT Query

Good morning Jordan  
s.17,s.21

Page 018

Withheld pursuant to/removed as

s.21;s.17

## **Henderson, Jeff FIN:EX**

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Friday, May 9, 2014 11:07 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** RE: s 17 s 2 LNG and PM&E

No. Just cc me on the message.

### **Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Henderson, Jeff FIN:EX  
**Sent:** Friday, May 9, 2014 10:50 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** RE: s 17 s 2 LNG and PM&E

Hi Joel,

Would you like to see a final draft before it is sent out?

Thanks,

Jeff

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, May 9, 2014 9:09 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Henderson, Jeff FIN:EX  
**Subject:** RE: s 17 s 2 LNG and PM&E

Ok thanks. I will have Joel send the ruling with this change.

### **Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, May 8, 2014 3:28 PM

**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: s.17 s.2 LNG and PM&E

Thanks

Discussed Appendix B with Paul, here is our preferred wording:

s.13

At present all vessels, including the FSUs, that are self propelled vessels of more than 500 tons gross, are eligible for exemption under section 55 of the PSTERR. However, the government is currently reviewing the exemption with respect to LNG facilities including FSUs.

s.13,s.17

Call me if you would like to discuss otherwise Joel can sent with this edit.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, May 8, 2014 2:29 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** s.17 s.2 LNG and PM&E

For your review Anne and then Paul can send out.

## Henderson, Jeff FIN:EX

---

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, March 12, 2014 2:12 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: s.17 s.21 Ruling

As I recall they asked questions about their barge and PM&E - s.17,s.21  
s.17,s.21 thought that was raised internally.

Once you do the ruling, you and Paul can discuss any issues.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, March 12, 2014 1:11 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** Re: s.17 s.21 Ruling

I am not sure what this means. Don't we need to actually rule on the questions they sent?

Jordan Goss

On 2014-03-12, at 12:05 PM, "Foy, Anne FIN:EX" <[Anne.Foy@gov.bc.ca](mailto:Anne.Foy@gov.bc.ca)> wrote:

Jordan,

Paul talked to S.17,s.21

Ruling should be finalized, it should state that it only considers whether s.17 s.21 is eligible for PM&E

Paul would like to review the ruling before it is sent to ensure it is consistent with his discussions.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

[illegible]

**Joel Fairbairn**  
Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: joel.fairbairn@gov.bc.ca

Scanned from Anna's Archive. For more books, visit [www.AnnasArchive.com](http://www.AnnasArchive.com)

Ph. (250) 387-0611

s.17,s.21

Thanks

s.17,s.21

**From:** s.17,s.21

**Sent:** December-11-13 5:24 PM

**To:** 'Jordan.Goss@gov.bc.ca'

**Subject:** s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

s.17,s.21

Regards

Page 024

Withheld pursuant to/removed as

s.21;s.17



## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, February 17, 2014 9:13 AM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Henderson, Jeff FIN:EX; Scott, Bob FIN:EX  
**Subject:** Tax Policy follow-up on LNG rulings

I spoke briefly with Paul today and he called |<sup>s.17,s.21</sup> to explain that the ruling does reflect the tax policy intent and that if their client is requesting a change, they should write to the Minister of Finance to request that. He will also be following up with<sup>s.17,s.21</sup> on the outstanding s.17.s.21 ruling this week to explain that the FAQ reflects the tax policy intent. s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, February 7, 2014 1:27 PM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: S.17,s.21 - Production Machinery & Equipment Ruling Request

Just FYI

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, February 7, 2014 11:17 AM  
**To:** s.17,s.21  
**Cc:** Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

s.17,s.21

The ruling request is currently under review by the Tax Policy Branch.

As I believe I mentioned on the phone when we first discussed your sending a request in, we have been working closely with Tax Policy Branch on rulings related to LNG and in developing the FAQs that are on the website to ensure that rulings and FAQs reflect the tax policy intent of the legislation.

Please feel free to contact Paul Flanagan, Executive Director of Tax Policy if you would like to discuss further. I have cc'd him on this response and his number is: 250 387-9014

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**From:** s.17,s.21

**Sent:** Thursday, February 6, 2014 9:51 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: S.17,s.21 · Production Machinery & Equipment Ruling Request

Hi Jordon:

s.17,s.21

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks s.1

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?
- 

We have not yet completed the specific ruling on s.17.s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

s.17,s.21

**From:**

**Sent:** Wednesday, February 5, 2014 1:26 PM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordon:

s.17,s.21

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** January-14-14 12:08 PM  
**To:** s.17,s.21  
**Cc:**  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Thanks. We are continuing to work on this ruling.

While we expect to release some general information on the application of PST to LNG plants soon, responses to the specific ruling requests may take a bit longer.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance  
Ph. (250) 387-0611  
**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21  
**Sent:** Tuesday, January 14, 2014 11:12 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** s.17,s.21  
**Subject:** RE: s.17,s.21 Production Machinery & Equipment Ruling Request

Hi Jordan,

Happy New Year!

s.17,s.21

Best Regards,

s.17,s.21

**From:** s.17,s.21  
**Sent:** January-13-14 5:08 PM  
**To:** s.17,s.21  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** December-12-13 11:56 AM  
**To:** s.17,s.21  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Thanks, I have passed on to my team for review.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance  
Ph. (250) 387-0611  
**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Thursday, December 12, 2013 7:59 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan:

s.17,s.21

Thanks

s.1

**From:** s.17,s.21

**Sent:** December-11-13 5:24 PM

**To:** 'Jordan.Goss@gov.bc.ca'

**Subject:** s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

s.17,s.21

Regards

s.17,s.21

Page 032 to/à Page 033

Withheld pursuant to/removed as

s.21;s.17



Page 034 to/à Page 035

Withheld pursuant to/removed as

s.13

## **Henderson, Jeff FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 22, 2014 11:31 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Attachments:** LNG and PM&E 2013.docx  
  
**Importance:** High

This is the ruling Anne and Paul saw and I do not have any record of edits they had.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, January 10, 2014 1:47 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Did you happen to talk to Paul about this?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 8, 2014 1:52 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Paul

I got your message about Peter wanting these to go out as soon as possible but giving the Minister of NG the heads up – which can be done with the IN Note that GCPE wants to do. s.13  
s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 2:08 PM  
**To:** Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG and PM&E 2013

FYI – this is the highest level ruling we would be issuing on this. Some of the other requests are more detailed and include different questions but with respect to what we could turn into general information – this is it. We need direction from the two of you about whether we send out the rulings now and then get an FAQ on the web as soon as we can or try to get the web stuff up first<sup>s.13</sup>  
Please advise.

Jordan

Copied from Apply the PST down...

## Apply the PST

- Can businesses that sell or lease goods, or sell software or taxable services use exemption certificates from the previous PST to provide exemptions from the new PST?
- Can the old certificate of exemption be used to make exempt sales of coloured fuel to farmers?
- What type of information is needed to substantiate an exemption from PST?
- Will farmers be required to provide their Farmer Identity Card issued by the BC Agriculture Council to substantiate the exemption for specified goods used for a farm purpose?
- How will the PST apply to leases of goods that are sold and immediately leased back under a sale and lease-back arrangement?
- If I am a small seller, what do I need to know about charging and paying PST as of April 1, 2013?
- How does PST apply to exclusive products, such as cosmetics, sold by independent sales contractors as of April 1, 2013?
- Do the PST transitional rules apply to reusable containers?
- How does the PST apply to goods that I have in my resale inventory that I purchased before April 1, 2013?
- Are out-of-province businesses that deliver goods into B.C. required to collect and remit PST?
- **Sales and leases to the provincial and federal governments**
  - Do governments pay B.C.'s PST when they buy taxable goods and services from vendors?
- **Accommodation**
  - Will the hotel room tax be re-implemented and at what rate?
  - What will happen to the Municipal and Regional District Tax (MRDT) when the PST is re-implemented?
  - Will the resort municipality tax sharing arrangements be re-implemented?
- **New housing**
  - What provincial tax do I pay if I purchase a new home where construction begins before April 1, 2013, but ownership and possession transfer after?
  - How will I know what taxes are included in the purchase price I negotiated for my home?
  - I'm a builder of new housing – what do I need to know?
- **Portable Buildings**
  - Will the tax treatment of portable buildings change with the return to PST?
- **Surtaxes, levies and other taxes**
  - What will happen to liquor taxes and mark-ups?
  - Will the ICE Fund levy be re-implemented with the PST?
  - Will the battery levy be re-implemented with the PST?
  - When the HST was introduced, the basic personal amount income tax credit was increased—will that be reversed?
  - Will people still receive the B.C. HST credit when the PST is re-implemented?
  - Will tobacco taxes increase?
  - Will the tax on natural gas and propane be re-implemented with the PST?

- **Vehicles**

- Will the luxury vehicle surtax be re-implemented with the PST?
- Will private vehicles sales be taxed at 7% or 12%? And will it be PST or a separate tax?
- Will the passenger vehicle rental tax be re-implemented with the PST?
- Will the multijurisdictional vehicle (MJV) tax be re-implemented with the PST?
- Are you changing when the multijurisdictional vehicle (MJV) exit tax is payable?
- Will the TransLink Parking Sales Tax be re-implemented as part of the PST?

- **Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

I copied from Vehicles down, otherwise very long...

## Vehicles

### **Will the luxury vehicle surtax be re-implemented with the PST?**

The surtax of 1% to 3% on passenger vehicles with a purchase price of \$55,000 or more will be re-implemented.

### **Will private vehicles sales be taxed at 7% or 12%? And will it be PST or a separate tax?**

The following transactions are currently subject to the 12% tax on designated property (TDP):

- vehicles, boats and aircraft purchased at a private sale in B.C.
- vehicles purchased at a private sale in another province and then brought or sent into B.C.
- vehicles brought or sent into B.C. that were received as a gift (some exemptions apply)

As part of the re-implementation of the PST, effective April 1, 2013, the 12% tax rate on these transactions will continue as PST under the new PST legislation.

Note: the 12% rate will only apply where the sale is not subject to GST. This ensures private sales are subject to a similar tax treatment as sales by GST registered businesses.

### **Will the passenger vehicle rental tax be re-implemented with the PST?**

Yes. The Passenger Vehicle Rental Tax of \$1.50 per day, which raises dedicated revenue for the BC Transportation Financing Authority, will be re-implemented.

### **Will the multijurisdictional vehicle (MJV) tax be re-implemented with the PST?**

Yes. The MJV tax for inter-jurisdictional commercial carriers licensed under the International Registration Plan (IRP) will be re-implemented.

Carriers who license their multijurisdictional vehicle(s) on or after April 1, 2013, must pay the MJV tax. However, carriers who license their vehicles before April 1, 2013, including vehicles with a licensing period that begins on or after April 1, 2013, don't pay the MJV tax.

### **Are you changing when the multijurisdictional vehicle (MJV) exit tax is payable?**

The imposition of the MJV exit tax when an MJV ceases to be licensed under a pro rate agreement has been reviewed.

The Minister of Finance intends to introduce legislation to the Legislative Assembly at the earliest opportunity to amend the *Provincial Sales Tax Act* retroactive to April 1, 2013, to impose the MJV exit tax only when an MJV is licensed for use solely within B.C. consistent with the MJV exit tax previously payable under the repealed *Social Service Tax Act*.

Should this amendment to the *Provincial Sales Tax Act* be approved by the Legislative Assembly and proclaimed in force retroactive to April 1, 2013, an operator of an MJV who has paid the MJV exit tax in circumstances other than when the vehicle is licensed for use solely within B.C. will be entitled to a refund of the MJV exit tax paid.

In the interim, until such amendments can be introduced in the Legislative Assembly, the Ministry of Finance has directed the Insurance Corporation of British Columbia to only collect the MJV exit tax when an MJV is licensed for use solely within B.C.

**Will the TransLink Parking Sales Tax be re-implemented as part of the PST?**

No. On July 1, 2010, administration of the parking tax was transferred to [TransLink](#).

## **Liquefied Natural Gas**

**Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?**

No. The PM&E exemption for manufacturing does not apply to LNG production. However, while liquefied natural gas processing does not qualify as manufacturing, there is a PM&E exemption for qualifying oil and gas producers. LNG producers may be eligible for the PST exemption for PM&E obtained for use in the extraction or processing of natural gas.

To qualify for this exemption, the machinery and equipment must be obtained by a qualifying oil and gas producer for use primarily and directly in the processing of natural gas at the qualifying part of a processing plant. The qualifying part of a processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas becomes a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, any machinery and equipment used to process or further process that natural gas, including the equipment used to convert the gas into LNG, does not qualify for exemption.

**Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?**

Yes. If the LNG is being produced for the purpose of sale, including exported for sale, the natural gas purchased by the producer of the LNG would be exempt from PST. Natural gas used by the LNG producer as part of the production process will be subject to carbon tax and may be subject to either PST or motor fuel tax depending on how the natural gas is used.

## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 22, 2014 11:29 AM  
**To:** Henderson, Jeff FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: Approval: PST FAQs - LNG

Take a look and see if you have any concerns.

### Jordan Goss

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Birks, Belinda E FIN:EX  
**Sent:** Wednesday, January 22, 2014 11:22 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** Approval: PST FAQs - LNG

Hi Jordan

The changes to the PST FAQs to add the two LNG questions are ready for your approval. I have copied the changes from both places (top & bottom portions) where we placed them under "Apply the Tax" (I didn't copy the whole webpage into the document because it is so long).

Let me know if you need any further changes or if you need more info. They are ready to be published any time you give the word.



Apply the  
PST-LNG.docx

Thanks,  
Belinda

Page 042

Withheld pursuant to/removed as

s.13



**Henderson, Jeff FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 16, 2014 9:48 AM  
**To:** Henderson, Jeff FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** IN for Minister - PSTA LNG Rulings - Jan 2014  
**Attachments:** IN for Minister - PSTA LNG Rulings - Jan 2014.docx

I made a couple minor edits and will send to Jamie.

I think what is happening now is that Paul already let the Ministry of LNG know that the rulings are coming and this IN may be for our Minister.

Thanks.

## **Henderson, Jeff FIN:EX**

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Friday, January 10, 2014 4:30 PM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: LNG public information plan

More

### **Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, January 10, 2014 4:21 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Minishka, Bridget L FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: LNG public information plan

s.13 Yes – we will be drafting an FAQ based on the ruling but don't have anything ready because  
Once we have the IN done,  
we can prepare the FAQ and try to get it posted to coincide with the rulings going out.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, January 10, 2014 4:18 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Minishka, Bridget L FIN:EX  
**Subject:** LNG public information plan

Jordan,

Paul mentioned you were developing a PST LNG public information plan (likely something along the lines of an FAQ with links to PM&E bulletins rather than stand alone LNG info)

Are you still doing this?  
What is your status/timing?

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

## **Henderson, Jeff FIN:EX**

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Friday, January 10, 2014 4:00 PM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: LNG and PM&E 2013

FYI. I'll get more information on how to proceed.

### ***Joel Fairbairn***

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, January 10, 2014 3:58 PM  
**To:** Edwardson, Jamie GCPE:EX  
**Cc:** Dickson, Greg GCPE:EX; Fairbairn, Joel FIN:EX  
**Subject:** FW: LNG and PM&E 2013

Jamie

See below

If you want to send us the template for an IN Note, we can pull together some bulletins to get the draft started. Thanks.

### **Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, January 10, 2014 3:48 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Flanagan, Paul FIN:EX; Minishka, Bridget L FIN:EX  
**Subject:** RE: LNG and PM&E 2013

Direction is to proceed with high level rulings for land based facilities with GCPE's IN to give Minister of NG the heads-up. Peter will also need a heads up before rulings issued.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, January 10, 2014 1:47 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Did you happen to talk to Paul about this?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 8, 2014 1:52 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Paul

I got your message about Peter wanting these to go out as soon as possible but giving the Minister of NG the heads up – which can be done with the IN Note that GCPE wants to do. s.13

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 2:08 PM  
**To:** Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG and PM&E 2013

FYI – this is the highest level ruling we would be issuing on this. Some of the other requests are more detailed and include different questions but with respect to what we could turn into general information – this is it. We need direction from the two of you about whether we send out the rulings now and then get an FAQ on the web as soon as we can or try to get the web stuff up first<sup>s.13</sup> Please advise.

Jordan

## **Henderson, Jeff FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 1:52 PM  
**To:** Henderson, Jeff FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: S.17,s.21 LNG and PM&E 2013 V2

Looks good. I will see if/when we should put these out.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Henderson, Jeff FIN:EX  
**Sent:** Thursday, December 12, 2013 1:29 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: s.17,s.21 LNG and PM&E 2013 V2

Hi Jordan,

I just removed one phrase that seemed to be out of place. Otherwise I think it looks fine.

Thanks,

Jeff

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 12:59 PM  
**To:** Henderson, Jeff FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** s.17,s.21 LNG and PM&E 2013 V2

See my edits to the s.17,s.2 letter. Thanks.

## **Henderson, Jeff FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 12:59 PM  
**To:** Henderson, Jeff FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** s.17,s.21 and PM&E 2013 V2  
**Attachments:** and PM&E 2013 V2.docx

See my edits to the s.17.s.2 letter. Thanks.





December 2, 2013

s.17,s.21

**Subject: Application of British Columbia Provincial Sales Tax to the Production Machinery and Equipment used to Manufacture LNG in British Columbia**

Dear I s.17,s.21

Thank you for your email and attached submission to Paul Flanagan dated July 31, 2013, in which you requested a ruling concerning the application of provincial sales tax (PST) to the s.17,s.21 liquefied natural gas ("LNG") facility.

**RULING REQUEST**

In your comprehensive submission, you explain how the s.17,s.21 facility qualifies as manufacturing for the purposes of the production machinery and equipment (PM&E) exemption under the Provincial Sales Tax Exemption and Refund Regulation (PSTERR). s.17,s.21  
s.17,s.21

**RULING**

The PM&E exemption provides PST exemptions for several industries, including manufacturing and oil and gas production. As part of the re-implementation of the PST, the PM&E exemption in the PSTERR was drafted to include distinct provisions for the different industries that qualify for exemption.

**Manufacturers**

Oil and gas producers are defined in the PSTERR to include persons that extract or process petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 (“Extraction or processing of petroleum or natural gas”) of the PSTERR.

Qualifying manufacturers may make exempt purchases in accordance with section 92 (“Manufacturing”) of the PSTERR.

s.17,s.21

### **Oil and Gas Producers**

To qualify for exemption, machinery and equipment used in the processing of natural gas, including the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or “qualifying part” of the processing plant. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas is a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, machinery and equipment used to process that natural gas does not qualify for exemption.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This ruling and interpretation may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. This ruling and interpretation is provided as an aid to understanding the legislation and is not intended to replace the legislation. The Ministry is not responsible for updating this ruling and interpretation if there are any subsequent changes to the law.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

## Henderson, Jeff FIN:EX

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Thursday, December 12, 2013 10:25 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** RE: S.17,s.21 - Production Machinery & Equipment Ruling Request

Great. I'll review this morning.

### **Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Henderson, Jeff FIN:EX  
**Sent:** Thursday, December 12, 2013 10:00 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** RE: S.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Joel,

From a quick scan it appears that we could generally answer these questions with the responses I sent to you. This is actually from S.17,s.21 and I'm pretty sure it is the same facility that is the subject of the CTB Inbox request that I prepared the response for.

Thanks,

Jeff

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Thursday, December 12, 2013 9:25 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: S.17,s.21 - Production Machinery & Equipment Ruling Request

Can you see if we can complete the general couple paragraphs on LNG today and see if that info will address this request. Thanks.

Jordan Goss

### **Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 8:18 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** Fwd: s.17,s.21

- Production Machinery & Equipment Ruling Request

Jordan Goss

Begin forwarded message:

**From:** s.17,s.21  
**Date:** 12 December, 2013 7:58:39 AM PST  
**To:** "Goss, Jordan T FIN:EX" <[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)>  
**Subject:** FW: s.17,s.21 **Production Machinery & Equipment Ruling Request**

Hi Jordan:

s.17,s.21

Thanks

s.1

**From:** s.17,s.21  
**Sent:** December-11-13 5:24 PM  
**To:** '[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)'  
**Subject:** s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

s.17,s.21

Page 056

Withheld pursuant to/removed as

s.21;s.17

Page 057 to/à Page 080

Withheld pursuant to/removed as

s.21;s.13;s.17

## Henderson, Jeff FIN:EX

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Thursday, December 12, 2013 9:25 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request  
**Attachments:** s.17,s.21

Can you see if we can complete the general couple paragraphs on LNG today and see if that info will address this request. Thanks.

Jordan Goss

### *Joel Fairbairn*

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 8:18 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** Fwd: s.17,s.21 - Production Machinery & Equipment Ruling Request

Jordan Goss

Begin forwarded message:

**From:** s.17,s.21  
**Date:** 12 December, 2013 7:58:39 AM PST  
**To:** "Goss, Jordan T FIN:EX" <[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)>  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan:  
s.17,s.21

Thanks



s.1

**From:** s.17,s.21  
**Sent:** December-11-13 5:24 PM  
**To:** '[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)'  
**Subject:** s.17,s.21

Production Machinery & Equipment Ruling Request

Hi Jordan:

s.17,s.21

**Henderson, Jeff FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Tuesday, December 10, 2013 10:14 AM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Henderson, Jeff FIN:EX; Scott, Bob FIN:EX; Noble, Heather FIN:EX  
**Subject:** LNG rulings

I have discussed with Paul and he would like us to prepare the LNG rulings<sup>s.12,s.13</sup>  
s.12,s.13 based on the approach we discussed this morning. In preparing the “ruling”, it  
would also be beneficial if the wording could be used for an FAQ on the website – does  
liquefying natural gas qualify as manufacturing for the PST exemption?

As soon as you have a draft, send it to me for review and we will send it to Bridget so she can  
confirm that Tax Policy is okay with it.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

## Henderson, Jeff FIN:EX

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Wednesday, November 27, 2013 4:03 PM  
**To:** Henderson, Jeff FIN:EX  
**Cc:** Dell, Matt FIN:EX; Noble, Heather FIN:EX  
**Subject:** RE: LNG rulings

1 and 2

### *Joel Fairbairn*

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Henderson, Jeff FIN:EX  
**Sent:** Wednesday, November 27, 2013 3:58 PM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Dell, Matt FIN:EX; Noble, Heather FIN:EX  
**Subject:** RE: LNG rulings

Hi Joel,

We have the following LNG related rulings:

1. One ruling from s.17 asking whether LNG production is manufacturing for the purposes of the PM&E exemption.
2. One ruling from s.17,s.21 asking 5 questions.
  - a. One is basically the same as the above question, but relates to a third-party service provider the produces LNG for another company. s.12,s.13
  - b. Two questions relate to whether processing LNG is considered a manufacturing service and not subject to PST as a related service.
  - c. Two questions relate to service provider provisions that apply more broadly to oil and gas service providers.
3. One ruling request from s.17,s.21  
s.17,s.21

I'm not sure whether TPB wants to see all of them or just #1. Can you please advise?

Thanks,

Jeff

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Monday, November 25, 2013 9:11 AM  
**To:** Henderson, Jeff FIN:EX; Dell, Matt FIN:EX; Nagelbach, Alexander FIN:EX  
**Subject:** FW: LNG rulings

Please prepare the LNG rulings. Alex, please take note of the notice.

**Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 25, 2013 8:53 AM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** LNG rulings

Joel

I spoke with Paul on Friday and as soon as we have the rulings drafted which reflect the policy intent s.12,s.13 we will share with tax policy and develop a coordinated effort to provide the rulings.

We also need to prepare a draft notice on the application to PST and LNG operations where we outline the general application of the PST (goods for resale, goods for incorporation into goods for resale, pst on business assets, etc) as soon as possible.

Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

## Henderson, Jeff FIN:EX

---

**From:** Payne, Matthew W FIN:EX  
**Sent:** Wednesday, November 27, 2013 11:15 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** RE: Spec natural gas

Okay, I'll do what I can but our two guys that might have something like this are both off right now, although one will be back in tomorrow.

Are there some potential changes coming to the Regs to deal with this?

I'll get back to you tomorrow.

Matt

**From:** Henderson, Jeff FIN:EX  
**Sent:** Wednesday, November 27, 2013 11:10 AM  
**To:** Payne, Matthew W FIN:EX  
**Subject:** RE: Spec natural gas

Thanks Matthew. Yes, I knew it was a problematic term. My understanding, partially from emails with you, is that we administered it as being marketable when it was not subject to further processing (other than removing water as it travels down the pipeline). We also discussed that we generally consider it as marketable when it is suitable for a residential application. What I'm looking for is something that lists the composition of gas that has been processed to that point.

Timeline is ASAP.

Thanks,

Jeff

**From:** Payne, Matthew W FIN:EX  
**Sent:** Wednesday, November 27, 2013 10:53 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** RE: Spec natural gas

Hi Jeff,

Marketable gas has always been a very problematic term for us, since it has never been clearly defined. All gas is marketable. I don't have any documents myself but I'll ask around. What is the timeline you are working with?

Thanks!

Matthew

---

*Matthew Payne, CGA*  
*Audit Team Leader*  
*Consumer Taxation Audit Branch*  
*Ministry of Finance*  
*Telephone: 778-988-1082 Fax: 604.660.4784*  
*Web Site: <http://www.sbr.gov.bc.ca/ctb/>*



Please consider the environment before printing this email.

**From:** Henderson, Jeff FIN:EX  
**Sent:** Wednesday, November 27, 2013 10:29 AM  
**To:** Payne, Matthew W FIN:EX  
**Subject:** Spec natural gas

Hi Matthew,

I'm wondering if you have some information on the specifications of natural gas that can be considered spec gas or the type of natural gas we consider to be a marketable product. Specifically I'm wondering if you have a document that lays out the composition (e.g. methane = 95%) of gas we consider to be a marketable product?

Please don't hesitate to call me with any questions.

Thanks,

*Jeff Henderson  
Policy and Legislative Analyst  
Consumer Taxation Programs Branch  
Ministry of Finance  
(250) 387-3350*

## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 5:00 PM  
**To:** Henderson, Jeff FIN:EX; Prisiak, Tim FIN:EX  
**Subject:** Fwd: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** s.17,s.21

Jordan Goss

Begin forwarded message:

**From:** "Flanagan, Paul FIN:EX" <[Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)>  
**Date:** 31 July, 2013 4:44:25 PM PDT  
**To:** "Goss, Jordan T FIN:EX" <[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)>  
**Cc:** "Foy, Anne FIN:EX" <[Anne.Foy@gov.bc.ca](mailto:Anne.Foy@gov.bc.ca)>  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Another document related to s.17,s.21 : request for a ruling.

**From:** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 4:34 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.17,s.21

Page 089

Withheld pursuant to/removed as

s.21;s.17



Page 090 to/à Page 131

Withheld pursuant to/removed as

s.21;s.13;s.17

## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:22 PM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** Scott, Bob FIN:EX; Henderson, Jeff FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** s.17,s.21

SS

This goes with the last one I just sent.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 9:47 AM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

I think you have seen all this before. We will need to respond at some point. Could you give some thought to how to provide the Ministry's views bearing in mind that all the proponents will want to know the current treatment of PST and some might actually qualify for the exemption.

Paul

**From:** s.17,s.21  
**Sent:** Tuesday, July 30, 2013 4:41 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** (s.17,s.21  
**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Page 133

Withheld pursuant to/removed as

s.21;s.17

Page 134 to/à Page 137

Withheld pursuant to/removed as

s.21;s.13;s.17

## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 3:16 PM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** Scott, Bob FIN:EX; Henderson, Jeff FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** Scanned from a Xerox multifunction device.pdf

Ruling request.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 2:55 PM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Here is the first ruling request. Can I tell him that it should go to rulings, but that I will ensure it is passed on to the correct department immediately or do they have to resubmit it?

**From:** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

s.17,s.21

s.17,s.21

**From:** s.17,s.21

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** Paul.Flanagan@gov.bc.ca

**Cc:** s.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Page 140

Withheld pursuant to/removed as

s.21;s.17

## Henderson, Jeff FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 1:56 PM  
**To:** Scott, Bob FIN:EX; Henderson, Jeff FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

FYI

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, July 31, 2013 1:48 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Thanks for this

s.13

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, July 31, 2013 12:38 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Anne

s.13



**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX

**Sent:** Wednesday, July 31, 2013 11:11 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

With revisions

s.13

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Foy, Anne FIN:EX

**Sent:** Wednesday, July 31, 2013 10:22 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

I would like to give one coordinated response to Paul:

In advance of receiving the ruling request,

I think we can provide the Ministry's general interpretation of the exemption:

- If the machinery and equipment is being used in a processing plant or refinery before the natural gas has become a marketable product and all other conditions for exemption have been met, that machinery and equipment will qualify the production machinery and equipment exemption under the PSTA.
- Machinery and equipment used to change natural gas from a gaseous state to a liquid state by means of a change in temperature or pressure does not qualify for the exemption unless that activity is combined with another activity (which is not an excluded activity) and occurs in the processing plant before the natural gas has become a marketable product.
- Once the natural gas has become a marketable product then none of the machinery and equipment used in relation to that natural gas qualifies for the exemption; regardless of how the machinery and equipment is used.
- The fact that marketable natural gas may be subject to further processing after it has become a marketable product does not change that, prior to that further processing, the natural gas had already become a marketable product.
- Natural gas whether naturally occurring, or resulting from processing, that could be sold for direct consumption as domestic, commercial fuel or as an industrial raw material is marketable natural gas.
- The point at which natural gas becomes a marketable product is a question of fact and may vary from processing plant to processing plant.

Give me a call to discuss, thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, July 31, 2013 9:47 AM  
**To:** Foy, Anne FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

I think you have seen all this before. We will need to respond at some point. Could you give some thought to how to provide the Ministry's views bearing in mind that all the proponents will want to know the current treatment of PST and some might actually qualify for the exemption.

Paul

**From:** S.17,s.21  
**Sent:** Tuesday, July 30, 2013 4:41 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** S.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

**Cheetham, Patricia FIN:EX**

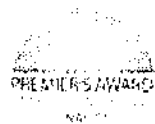
---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, March 26, 2015 3:55 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Henderson, Jeff FIN:EX  
**Subject:** RE: PST Memorandum for Discussion with BC

I also told e 1 we will not likely comment on the document but might ask questions.

Have a nice day.

Paul



---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, March 26, 2015 3:53 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: PST Memorandum for Discussion with BC

Makes sense.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, March 26, 2015 3:52 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: PST Memorandum for Discussion with BC

Thanks Jordan. Just so you know, I suspect that our deputy will want to treat the e 1 request as a very high priority.

Paul

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, March 26, 2015 3:51 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: PST Memorandum for Discussion with BC

Thanks. Joel and Jeff Henderson will sit in on the call. I will not participate.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

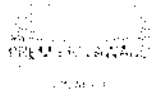
**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, March 26, 2015 2:13 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: PST Memorandum for Discussion with BC

Jordan. If you or someone have time tomorrow to listen in on the call <sup>s.13</sup> that would be helpful. <sup>s.13</sup>  
s.13

Have a nice day.

Paul



**From:** s.17,s.21  
**Sent:** Thursday, March 26, 2015 12:46 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** PST Memorandum for Discussion with BC

Paul,

s.17,s.21

s.17,s.21

The Memorandum is provided to the BC Government subject to the Confidentiality and Access to Information Notice set out at the bottom of this email. Please ensure that the Memorandum is only forwarded to persons within the BC Government who need to review it and that those who do receive a copy are aware of its confidential nature and accordingly will not forward or otherwise disclose its contents to persons outside of the BC Government.

We look forward to discussing the contents of the Memorandum with you tomorrow and have set aside a two-hour block from 9:15 – 11:15 Vancouver time for this call. We will send you a meeting notice with dial in information shortly for circulation to those at your end who will be participating. Grateful if you could advise us who we should expect to attend from the Province. At our end, we will have myself and other representatives from s.17,s.21  
s.17,s.21

We look forward to our call. If you have any questions in the meantime, please do not hesitate to contact me.

Regards,

## **CONFIDENTIALITY AND ACCESS TO INFORMATION NOTICE**

### **A. Confidentiality and Use of Information**

By accepting receipt of the attached memorandum ("Memorandum") provided to the Province of British Columbia ("Recipient") by s.17,s.21 on behalf of s.17,s.21 ("Provider"), Recipient acknowledges and agrees that the Memorandum has been provided to the Recipient by the Provider to assist both parties in their negotiations, is subject to common interest solicitor-client privilege and is confidential and proprietary to Provider. The Recipient will hold the Memorandum and all information contained therein in strict confidence subject to and in accordance with the Mutual Confidentiality and Non-Disclosure Agreement dated November 3, 2014 effective as of and from May 1, 2014 among Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Natural Gas Development, British Columbia Hydro and Power Authority and s.17,s.21 c which governs this discussion and flow of information between the Provider and the Recipient. All requests received by any public body from third parties seeking access to or copies of the Memorandum, including pursuant to any laws pertaining to access to information, shall be directed to Recipient.

### **B. Access to Information Laws**

Provider objects to any production of any information contained in the Memorandum in any form pursuant to a Freedom of Information and Protection of Privacy Act (British Columbia), or other applicable law pertaining to access to information (to the extent applicable, collectively the "Access to Information Laws") request, or otherwise. The Memorandum is protected by solicitor-client and common interest privilege and contains information which is protected from disclosure or release pursuant to the Access to Information Laws, including confidential commercial and technical information. The Memorandum is provided by Provider to Recipient in strict confidence and may only be used for the purposes of evaluating and responding to the information contained therein. Provider confirms that disclosing any information contained therein pursuant to a request under the Access to Information Laws or otherwise, without the express consent of Provider, would reveal trade secrets of Provider or commercial, financial, legal, scientific and technical information of or about Provider or third parties that is supplied, implicitly or explicitly in confidence and the disclosure of which would be harmful to the business interests of Provider, and would result in significant harm to Provider's competitive position, significant interference with Provider's negotiating position and undue financial loss to Provider and an unreasonable invasion of privacy, in each case pursuant to Access to Information Laws. Provider expressly objects to the disclosure of any information in the Memorandum in any form in response to any request by any applicant pursuant to Access to Information Laws, or otherwise. If Recipient receives a request under Access to Information Laws that may include all or part of the Memorandum, Recipient is hereby directed to have its Coordinator designated pursuant to Access to Information Laws provide immediate notice to the Provider's Privacy Officer so that Provider may exercise the opportunity to respond to such request.

## Cheetham, Patricia FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, March 26, 2015 3:52 PM  
**To:** Fairbairn, Joel FIN:EX; Henderson, Jeff FIN:EX  
**Subject:** FW: PST Memorandum for Discussion with BC  
**Attachments:** PST Scoping Memorandum (March 26 2015).pdf

FYI -- do not distribute

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

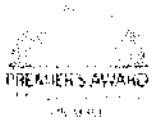
---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, March 26, 2015 2:13 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: PST Memorandum for Discussion with BC

Jordan. If you or someone have time tomorrow to listen in on the call<sup>s.13</sup> that would be helpful.<sup>s.1</sup>  
s.13<sub>3</sub>

Have a nice day.

Paul



---

**From:** s.17,s.21  
**Sent:** Thursday, March 26, 2015 12:46 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** PST Memorandum for Discussion with BC

Paul,

s.17,s.21

s.17,s.21

The Memorandum is provided to the BC Government subject to the Confidentiality and Access to Information Notice set out at the bottom of this email. Please ensure that the Memorandum is only forwarded to persons within the BC Government who need to review it and that those who do receive a copy are aware of its

confidential nature and accordingly will not forward or otherwise disclose its contents to persons outside of the BC Government.

We look forward to discussing the contents of the Memorandum with you tomorrow and have set aside a two-hour block from 9:15 – 11:15 Vancouver time for this call. We will send you a meeting notice with dial in information shortly for circulation to those at your end who will be participating. Grateful if you could advise us who we should expect to attend from the Province. At our end, we will have myself and other representatives from S.17,s.21

We look forward to our call. If you have any questions in the meantime, please do not hesitate to contact me.

Regards,

c 17

### **CONFIDENTIALITY AND ACCESS TO INFORMATION NOTICE**

#### **A. Confidentiality and Use of Information**

By accepting receipt of the attached memorandum ("Memorandum") provided to the Province of British Columbia ("Recipient") by S.17,s.21 on behalf of S.17,s.21 ("Provider"), Recipient acknowledges and agrees that the Memorandum has been provided to the Recipient by the Provider to assist both parties in their negotiations, is subject to common interest solicitor-client privilege and is confidential and proprietary to Provider. The Recipient will hold the Memorandum and all information contained therein in strict confidence subject to and in accordance with the Mutual Confidentiality and Non-Disclosure Agreement dated November 3, 2014 effective as of and from May 1, 2014 among Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Natural Gas Development, British Columbia Hydro and Power Authority and S.17,s.21

c which governs this discussion and flow of information between the Provider and the Recipient. All requests received by any public body from third parties seeking access to or copies of the Memorandum, including pursuant to any laws pertaining to access to information, shall be directed to Recipient.

#### **B. Access to Information Laws**

Provider objects to any production of any information contained in the Memorandum in any form pursuant to a Freedom of Information and Protection of Privacy Act (British Columbia), or other applicable law pertaining to access to information (to the extent applicable, collectively the "Access to Information Laws") request, or otherwise. The Memorandum is protected by solicitor-client and common interest privilege and contains information which is protected from disclosure or release pursuant to the Access to Information Laws, including confidential commercial and technical information. The Memorandum is provided by Provider to Recipient in strict confidence and may only be used for the purposes of evaluating and responding to the information contained therein. Provider confirms that disclosing any information contained therein pursuant to a request under the Access to Information Laws or otherwise, without the express consent of Provider, would reveal trade secrets of Provider or commercial, financial, legal, scientific and technical information of or about Provider or third parties that is supplied, implicitly or explicitly in confidence and the disclosure of which would be harmful to the business interests of Provider, and would result in significant harm to Provider's competitive position, significant interference with Provider's negotiating position and undue financial loss to Provider and an unreasonable invasion of privacy, in each case pursuant to Access to Information Laws. Provider expressly objects to the disclosure of any information in the Memorandum in any form in response to any request by any applicant pursuant to Access to Information Laws, or otherwise. If Recipient receives a request under Access to Information Laws that may include all or part of the Memorandum, Recipient is hereby directed to have its Coordinator



designated pursuant to Access to Information Laws provide immediate notice to the Provider's Privacy Officer so that Provider may exercise the opportunity to respond to such request.

Page 151 to/à Page 170

Withheld pursuant to/removed as

s.14;s.21;s.13;s.17

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, March 26, 2015 2:23 PM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** Call tomorrow

Joel

Tax Policy is having a call tomorrow with  $\leq 1$  and their legal counsel on an estimate and the assumptions behind the estimate of the cost of PST on their proposed LNG project. They are looking for some confirmation as to whether their assumptions are reasonable. I have already advised Paul, as did Anne, that we would not necessarily be able to say much on the call as it will likely require a ruling (rulings) on the assumptions. I was not planning on attending the call. Would you like to attend? Let me know ASAP.

I would also suggest Jeff and/or Bob attend. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

## Cheetham, Patricia FIN:EX

---

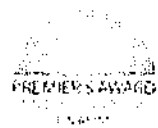
**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, March 26, 2015 2:13 PM  
**To:** Goss, Jordan T FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: PST Memorandum for Discussion with BC  
**Attachments:** PST Scoping Memorandum (March 26 2015).pdf

Jordan. If you or someone have time tomorrow to listen in on the call <sup>s.13</sup>  
s.13

that would be helpful. <sup>s.13</sup>

Have a nice day.

Paul



**From:** s.17,s.21  
**Sent:** Thursday, March 26, 2015 12:46 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** PST Memorandum for Discussion with BC

Paul,

s.17,s.21

s.17,s.21 The Memorandum is provided to the BC Government subject to the Confidentiality and Access to Information Notice set out at the bottom of this email. Please ensure that the Memorandum is only forwarded to persons within the BC Government who need to review it and that those who do receive a copy are aware of its confidential nature and accordingly will not forward or otherwise disclose its contents to persons outside of the BC Government.

We look forward to discussing the contents of the Memorandum with you tomorrow and have set aside a two-hour block from 9:15 – 11:15 Vancouver time for this call. We will send you a meeting notice with dial in information shortly for circulation to those at your end who will be participating. Grateful if you could advise us who we should expect to attend from the Province. At our end, we will have myself and other representatives from s.17,s.21  
s.17,s.21

We look forward to our call. If you have any questions in the meantime, please do not hesitate to contact me.

Regards,

c 17

**CONFIDENTIALITY AND ACCESS TO INFORMATION NOTICE**

#### A. Confidentiality and Use of Information

By accepting receipt of the attached memorandum ("Memorandum") provided to the Province of British Columbia ("Recipient") by s.17,s.21 on behalf of s.17,s.21 ("Provider"), Recipient acknowledges and agrees that the Memorandum has been provided to the Recipient by the Provider to assist both parties in their negotiations, is subject to common interest solicitor-client privilege and is confidential and proprietary to Provider. The Recipient will hold the Memorandum and all information contained therein in strict confidence subject to and in accordance with the Mutual Confidentiality and Non-Disclosure Agreement dated November 3, 2014 effective as of and from May 1, 2014 among Her Majesty the Queen in right of the Province of British Columbia as represented by the Minister of Natural Gas Development, British Columbia Hydro and Power Authority and s.17,s.21, which governs this discussion and flow of information between the Provider and the Recipient. All requests received by any public body from third parties seeking access to or copies of the Memorandum, including pursuant to any laws pertaining to access to information, shall be directed to Recipient.

#### B. Access to Information Laws

Provider objects to any production of any information contained in the Memorandum in any form pursuant to a Freedom of Information and Protection of Privacy Act (British Columbia), or other applicable law pertaining to access to information (to the extent applicable, collectively the "Access to Information Laws") request, or otherwise. The Memorandum is protected by solicitor-client and common interest privilege and contains information which is protected from disclosure or release pursuant to the Access to Information Laws, including confidential commercial and technical information. The Memorandum is provided by Provider to Recipient in strict confidence and may only be used for the purposes of evaluating and responding to the information contained therein. Provider confirms that disclosing any information contained therein pursuant to a request under the Access to Information Laws or otherwise, without the express consent of Provider, would reveal trade secrets of Provider or commercial, financial, legal, scientific and technical information of or about Provider or third parties that is supplied, implicitly or explicitly in confidence and the disclosure of which would be harmful to the business interests of Provider, and would result in significant harm to Provider's competitive position, significant interference with Provider's negotiating position and undue financial loss to Provider and an unreasonable invasion of privacy, in each case pursuant to Access to Information Laws. Provider expressly objects to the disclosure of any information in the Memorandum in any form in response to any request by any applicant pursuant to Access to Information Laws, or otherwise. If Recipient receives a request under Access to Information Laws that may include all or part of the Memorandum, Recipient is hereby directed to have its Coordinator designated pursuant to Access to Information Laws provide immediate notice to the Provider's Privacy Officer so that Provider may exercise the opportunity to respond to such request.

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, March 16, 2015 9:19 AM  
**To:** Thoroughgood, Danna L FIN:EX  
**Cc:** Nagelbach, Alexander FIN:EX  
**Subject:** PST FAQ's Mar 9 JF comments  
**Attachments:** PST FAQ's Mar 9 JF comments.docx

I had one edit and a comment. The LNG q's and A's must stay for now. I continue to direct people to this Q&A because for now this is the only place we have this answer and it does come up again and again.

Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

## Cheetham, Patricia FIN:EX

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Sunday, March 1, 2015 9:19 PM  
**To:** s.17,s.21  
**Cc:** Perhar, Satish FIN:EX  
**Subject:** RE: 2015-03-02 CAPP Reception - Presentation  
**Attachments:** CAPP Presentation March 2015.pptx

The presentation for tomorrow evening.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance


Ph. (250) 387-0611

**MINISTRY OF FINANCE: Trusted financial and economic leadership for a prosperous province**

**From:** s.17,s.21  
**Sent:** Friday, February 27, 2015 2:35 PM  
**To:** s.17,s.21 Goss, Jordan T FIN:EX  
**Subject:** RE: 2015-03-02 CAPP Reception - Presentation  
Jordan,

Can you send your CAPP presentation to s.17,s.21 when you have it ready so she can load it for you?  
s.17,s.21

---

 Please consider the environment before printing this email.

**From:** s.17,s.21  
**Sent:** February-27-15 11:07 AM  
**To:** s.17,s.21  
**Subject:** RE: 2015-03-02 CAPP Reception - Presentation

Good morning s.

Just following up to see if you received the presentation.

Thanks,

s.17,s.21

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 26, 2014 11:52 AM  
**To:** Foy, Anne FIN:EX s.17,s.21  
**Subject:** FW: BC Tax Application Ruling - CNG/LNG  
**Attachments:** 2013-11-25: s.17,s.21 MW-Ruling Request CNG and LNG.pdf  
1  
**Importance:** High

I recall discussing this with you and I think we landed on advising how the act applies as written now but saying that the issue is under review. Do you have anything else on this?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 25, 2013 2:03 PM  
**To:** Foy, Anne FIN:EX; Minishka, Bridget L FIN:EX; King, Marshall FIN:EX  
**Cc:** Flanagan, Paul FIN:EX s.17,s.21  
**Subject:** FW: BC Tax Application Ruling - CNG/LNG -  
**Importance:** High

FYI

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Monday, November 25, 2013 1:48 PM  
**To:** Goss, Jordan T FIN:EX s.17,s.  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - 21



Hi Jordan

Please see revised letter s.17,s.21  
s.17,s.21

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** November-25-13 9:47 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG s.17,s.21

Will do – thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

s.17,s.21  
**From:** \_\_\_\_\_  
**Sent:** Monday, November 25, 2013 9:43 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG s.17,s.21

Hi Jordan

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** November-22-13 8:49 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - s.17,s.21

Thanks s.17.

I will have rulings staff review and prepare a response.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

---

**From:** s.17,s.21  
**Sent:** Thursday, November 21, 2013 9:11 AM  
**To:** Goss, Jordan T FIN:EX s.17,s.21  
**Subject:** BC Tax Application Ruling - CNG/LNG - s.17,s.21

Good morning Jordan

Enclosed please find a ruling request we have been asked to prepare s.17,s.21 regarding the application of PST, ICE Levy, MFT and CT to the sale of CNG and LNG s.17,s.21

s.17,s.21 The purpose of the letter is twofold. First, to confirm the property application of the taxes/levies under the current legislation so that s.17,s.21 can ensure it is applying these taxes/levies as required under the current legislation. s.17,s.21 ..  
s.17,s.21

Please contact me if you have any questions.

Regards

s.17,s.21

Page 180 to/à Page 185

Withheld pursuant to/removed as

s.21;s.17

**Cheetham, Patricia FIN:EX**

---

**From:** s.17,s.21  
**Sent:** Tuesday, February 25, 2014 8:55 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: LNG PST

Thank you  
s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** February-25-14 8:43 AM  
**To:** s.17,s.21  
**Subject:** RE: LNG PST

s.17,s.21

The Ministry has posted the following QA on the application of the PME exemption to LNG processing (click on the question and it should bring you to the responses).

▪ **Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Tuesday, February 25, 2014 8:38 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** LNG PST

Good morning Jordan

Has the Ministry come to a public position as to whether LNG processing qualifies for the PME exemption?

Regards

s.17,s.21

**Cheetham, Patricia FIN:EX**

---

**From:** s.17,s.21  
**Sent:** Monday, February 17, 2014 7:52 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21 Goss, Jordan T FIN:EX  
**Subject:** FW: s.17,s.21 Request - Production Machinery & Equipment Ruling

Hi Paul:

Just following up on the email below.

You are likely busy with the budget over the next few days. So would you be free to meet later in the week?

Regards

s.17,s.21

**Sent:** February-12-14 3:34 PM

**To:** Flanagan, Paul FIN:EX

**Cc:** Fairbairn, Joel FIN:EX; 'Goss, Jordan T FIN:EX'; s.17,s.21

**Subject:** s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Paul:

We have reviewed the FAQs that were released recently with respect to the eligibility of LNG plants to qualify for the PST PM&E exemption. We would like to understand the policy intent behind these FAQs and whether all LNG plants will not be eligible for the PM&E exemption.

We would also like to discuss<sup>s.17,s.21</sup>

s.17,s.21

s.17,s.21

We understand this ruling is currently being reviewed by the Tax Policy Branch.

We think it would best to meet in person to discuss the above issues. Would you be available for a meeting on Monday February 17 or Tuesday February 18?

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** February-07-14 11:17 AM

**To:** s.17,s.21

**Cc:** Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX

**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

s.1

The ruling request is currently under review by the Tax Policy Branch.

As I believe I mentioned on the phone when we first discussed your sending a request in, we have been working closely with Tax Policy Branch on rulings related to LNG and in developing the FAQs that are on the website to ensure that rulings and FAQs reflect the tax policy intent of the legislation.

Please feel free to contact Paul Flanagan, Executive Director of Tax Policy if you would like to discuss further. I have cc'd him on this response and his number is: 250 387-9014

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Thursday, February 6, 2014 9:51 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan:

I looked at the FAQs you mentioned below.

They say that the PM&E exemption for manufacturers does not apply to LNG production.

s.17,s.21

s.17,s.21

We would like to discuss this point with you or the person assigned to the ruling request further to see if they have reached a preliminary conclusion on this point.

s.17,s.21

I think it would be helpful to have a discussion on this point. Can you let me know when you would be free to discuss this further.

Regards

s.17,s.21



**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks s.1

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

• We have not yet completed the specific ruling on s.17.s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

s.17,s.21

**Cheetham, Patricia FIN:EX**

---

**From:** s.17,s.21  
**Sent:** Wednesday, February 12, 2014 3:34 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX; Goss, Jordan T FIN:EX; s.17,s.21  
**Subject:** s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Paul:

We have reviewed the FAQs that were released recently with respect to the eligibility of LNG plants to qualify for the PST PM&E exemption. We would like to understand the policy intent behind these FAQs and whether all LNG plants will not be eligible for the PM&E exemption.

We would also like to discuss s.17,s.21

s.17,s.21

s.17,s.21

We understand this ruling is currently being reviewed by the Tax Policy Branch.

We think it would best to meet in person to discuss the above issues. Would you be available for a meeting on Monday February 17 or Tuesday February 18?

Regards

s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** February-07-14 11:17 AM

**To:** s.17,s.21

**Cc:** Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX

**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

s.1

The ruling request is currently under review by the Tax Policy Branch.

As I believe I mentioned on the phone when we first discussed your sending a request in, we have been working closely with Tax Policy Branch on rulings related to LNG and in developing the FAQs that are on the website to ensure that rulings and FAQs reflect the tax policy intent of the legislation.

Please feel free to contact Paul Flanagan, Executive Director of Tax Policy if you would like to discuss further. I have cc'd him on this response and his number is: 250 387-9014

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Thursday, February 6, 2014 9:51 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

Production Machinery & Equipment Ruling Request

Hi Jordon:

I looked at the FAQs you mentioned below.

They say that the PM&E exemption for manufacturers does not apply to LNG production.

s.17,s.21

s.17,s.21

We would like to discuss this point with you or

the person assigned to the ruling request further to see if they have reached a preliminary conclusion on this point.

s.17,s.21

I think it would be helpful to have a discussion on this point. Can you let me know when you would be free to discuss this further.

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks s.1

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?
-

We have not yet completed the specific ruling on s.17.s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

s.17,s.21

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 12, 2014 11:47 AM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** s.17,s.21 and PM&E 2014 - Final.pdf

You are going to connect with him – correct?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Wednesday, February 12, 2014 11:38 AM  
**To:** Goss, Jordan T FIN:EX; Flanagan, Paul FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

February 12, 2014

Hi Jordon and Paul

Please let us know what is happening with our request for a meeting. If you need to talk to me directly, I can be reached at s.22

Thanks  
s.17,s.21

s.17,s.21

s.17,s.21

**From:**

**Sent:** January-30-14 3:42 PM

**To:** 'Goss, Jordan T FIN:EX'; 'Flanagan, Paul FIN:EX'

**Cc:** s.17,s.21

**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

January 30, 2014

Hi Jordon and Paul

s.17,s.21

We respectfully request an opportunity to meet with the Ministry of Finance on this matter. Please provide us with possible dates for this occasion.

If you have any questions, please do not hesitate to contact us.

Best regards

s.17,s.21

**From:** CTBTaxQuestions FIN:EX [mailto:CTBTaxQuestions@gov.bc.ca]

**Sent:** January-22-14 3:24 PM

**To:** s.17,s.21

**Cc:** Goss, Jordan T FIN:EX; s.17,s.21

**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Thank you for your inquiry.

Please find the response to your ruling request attached to this email.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team

Ministry of Finance

[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**

**Sent:** Wednesday, July 31, 2013 1:32 PM

**To:** Flanagan, Paul FIN:EX

**Cc:** s.17,s.21

**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
We would be very pleased to meet with you to discuss this application and provide any additional support as required.  
Thank you for your attention to this matter.

s.17,s.21

s.17,s.21

**From:**

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** [Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)

**C/s.17,s.21**

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

s.17,s.21



Page 198

Withheld pursuant to/removed as

s.21;s.17

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, February 7, 2014 1:27 PM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

Just FYI  
**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, February 7, 2014 11:17 AM  
**To:** s.17,s.21  
**Cc:** Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request  
s.1

The ruling request is currently under review by the Tax Policy Branch.  
As I believe I mentioned on the phone when we first discussed your sending a request in, we have been working closely with Tax Policy Branch on rulings related to LNG and in developing the FAQs that are on the website to ensure that rulings and FAQs reflect the tax policy intent of the legislation.  
Please feel free to contact Paul Flanagan, Executive Director of Tax Policy if you would like to discuss further. I have cc'd him on this response and his number is: 250 387-9014

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Thursday, February 6, 2014 9:51 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordon:

I looked at the FAQs you mentioned below.

They say that the PM&E exemption for manufacturers does not apply to LNG production.

s.17,s.21

s.17,s.21

We would like to discuss this point with you or the person assigned to the ruling request further to see if they have reached a preliminary conclusion on this point.

s.17,s.21

I think it would be helpful to have a discussion on this point. Can you let me know when you would be free to discuss this further.

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks s 1

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

•

We have not yet completed the specific ruling on s.17.s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Wednesday, February 5, 2014 1:26 PM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

Any further news on this ruling. Does your team have any questions on the ruling request? No one has contacted us with any questions or request for clarifications. We have also not seen any general information on the application of PST to LNG plants. Has that been issued yet?

Regards

s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** January-14-14 12:08 PM

**To:** s.17,s.21

**Cc:**

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks. We are continuing to work on this ruling.

While we expect to release some general information on the application of PST to LNG plants soon, responses to the specific ruling requests may take a bit longer.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

---

**From:** s.17,s.21

**Sent:** Tuesday, January 14, 2014 11:12 AM

**To:** Goss, Jordan T FIN:EX

**Cc:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan,

Happy New Year!

s.17,s.21

We would like to follow up on s.17,s request for a ruling for Natural Gas's LNG project. Could you please provide an update. Thank you very much.

Best Regards,

s.17,s.21

---

**Sent:** January-13-14 5:08 PM

s.17,s.21

**To:**  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request  
**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]  
**Sent:** December-12-13 11:56 AM  
**To:** s.17,s.21  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Thanks, I have passed on to my team for review.

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance  
Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Thursday, December 12, 2013 7:59 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: s.17,s.21 Production Machinery & Equipment Ruling Request

Hi Jordan:

Can you please use the above attached documents rather than the ones that I attached yesterday.

Thanks

s.1

**From:** s.17,s.21  
**Sent:** December-11-13 5:24 PM  
**To:** 'Jordan.Goss@gov.bc.ca'  
**Subject:** s.17,s.21 Production Machinery & Equipment Ruling Request

Hi Jordan:

Further to our discussion last month, please find attached a BC Provincial Sales Tax Act ruling request (with related attachments) with respect to the application of the production, machinery and equipment exemption to the LNG facility that

s.17,s.21

We will also courier a copy of the ruling request to you on Thursday.

Regards

s.17,s.21

Page 204

Withheld pursuant to/removed as

s.21;s.17

1. **Project Name:** [REDACTED]  
 2. **Project Number:** [REDACTED]  
 3. **Project Manager:** [REDACTED]  
 4. **Project Sponsor:** [REDACTED]  
 5. **Project Start Date:** [REDACTED]  
 6. **Project End Date:** [REDACTED]  
 7. **Project Budget:** [REDACTED]  
 8. **Project Status:** [REDACTED]  
 9. **Project Description:** [REDACTED]  
 10. **Project Objectives:** [REDACTED]  
 11. **Project Deliverables:** [REDACTED]  
 12. **Project Risks:** [REDACTED]  
 13. **Project Issues:** [REDACTED]  
 14. **Project Milestones:** [REDACTED]  
 15. **Project Stakeholders:** [REDACTED]  
 16. **Project Communication:** [REDACTED]  
 17. **Project Reporting:** [REDACTED]  
 18. **Project Documentation:** [REDACTED]  
 19. **Project Change Management:** [REDACTED]  
 20. **Project Closure:** [REDACTED]

**Table 1**

Journal of Management Inquiry 21(1)

... ..

Ministry of Finance

**Figure 1**

[illegible][illegible]

**Tom Goss, Jordan T. FINLEY**

17 24

**Equipment Request**

**Table 1**

WE WOULD LIKE TO DISCUSS THIS OPPORT WITH YOU

17 21

17-21



**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Thanks s.1

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

We have not yet completed the specific ruling on s.17,s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Wednesday, February 5, 2014 1:26 PM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordon:

Any further news on this ruling. Does your team have any questions on the ruling request? No one has contacted us with any questions or request for clarifications. We have also not seen any general information on the application of PST to LNG plants. Has that been issued yet?

Regards

s.17,s.21

While we expect to release some general information on the application of PST to LNG plants soon, responses to the specific ruling requests may take a bit longer.

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance  
Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Tuesday, January 14, 2014 11:12 AM

**To:** Goss, Jordan T FIN:EX

**Cc:** s.17,s.21

**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan,

Happy New Year!

We would like to follow up on s.17, s.21 request for a ruling for s.17 s.21 Natural Gas's LNG project. Could you please provide an update. Thank you very much.

Best Regards,

s.17,s.21

---

**From:** s.17,s.21

**Sent:** January-13-14 5:08 PM

**To:** s.17,s.21

**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** December-12-13 11:56 AM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Thanks, I have passed on to my team for review.

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance  
Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Thursday, December 12, 2013 7:59 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan:

Can you please use the above attached documents rather than the ones that I attached yesterday.

Thanks

s.17,s.21

---

**From:** s.17,s.21

**Sent:** December-11-13 5:24 PM

**To:** 'Jordan.Goss@gov.bc.ca'

**Subject:** s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

Further to our discussion last month, please find attached a BC Provincial Sales Tax Act ruling request (with related attachments) with respect to the application of the production, machinery and equipment exemption to the LNG facility that

s.17,s.21

We will also courier a copy of the ruling request to you on Thursday.

Regards

s.17,s.21

Page 209 to/à Page 210

Withheld pursuant to/removed as

s.21;s.17

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 5, 2014 2:21 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Ok thanks Anne.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, February 5, 2014 2:07 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request  
There is not much I can say.  
s.13,s.17

As soon as I hear anything on this, I will let you know.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 5, 2014 1:52 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: s.17,s.21 Production Machinery & Equipment Ruling Request

I am going to start sounding like a broken record – but we really need to respond to this request so any help/information you can provide would be helpful. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Goss, Jordan T FIN:EX

**Sent:** Wednesday, February 5, 2014 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

s.17,s.21

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

We have not yet completed the specific ruling on s.17,s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Wednesday, February 5, 2014 1:26 PM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordon:

Any further news on this ruling. Does your team have any questions on the ruling request? No one has contacted us with any questions or request for clarifications. We have also not seen any general information on the application of PST to LNG plants. Has that been issued yet?

Regards

s.17,s.21

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** January-14-14 12:08 PM

**To:** s.17,s.21

**Cc:**

**Subject:** RE: s.17,s.21

Production Machinery & Equipment Ruling Request

Thanks. We are continuing to work on this ruling.

While we expect to release some general information on the application of PST to LNG plants soon, responses to the specific ruling requests may take a bit longer.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Tuesday, January 14, 2014 11:12 AM

**To:** Goss, Jordan T FIN:EX

**Cc:** s.17,s.21

**Subject:** RES.17,s.21 : - Production Machinery & Equipment Ruling Request

Hi Jordan,

Happy New Year!

We would like to follow up on s.17,s request for a ruling for s.17,s.21 Natural Gas's LNG project. Could you please provide an update. Thank you very much.

Best Regards,

s.17,s.21

**From:** s.17,s.21

**Sent:** January-13-14 5:08 PM

**To:** s.17,s.21

**Subject:** FW: s.17,s.21 : - Production Machinery & Equipment Ruling Request

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]

**Sent:** December-12-13 11:56 AM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21 : - Production Machinery & Equipment Ruling Request

Thanks, I have passed on to my team for review.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Thursday, December 12, 2013 7:59 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** FW: s.17,s.21

: - Production Machinery & Equipment Ruling Request

Hi Jordan:

Can you please use the above attached documents rather than the ones that I attached yesterday.

Thanks

s.17,s.21

**From:** s.17,s.21

**Sent:** December-11-13 5:24 PM

**To:** 'Jordan.Goss@gov.bc.ca'

**Subject:** s.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

Further to our discussion last month, please find attached a BC Provincial Sales Tax Act ruling request (with related attachments) with respect to the application of the production, machinery and equipment exemption to the LNG facility that

s.17,s.21

We will also courier a copy of the ruling request to you on Thursday.

Regards

s.17,s.21



Page 215

Withheld pursuant to/removed as

s.21;s.17

**Cheetham, Patricia FIN:EX**

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Wednesday, February 5, 2014 9:44 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Ok, I will see if I can get to him today.

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 5, 2014 9:26 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul

s.12,s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, January 30, 2014 1:01 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

On hold. When I get a chance I'll ask the boss what he wants to do.

Apart from meeting with the Minister, is there anything in the email that you would normally do – meet prior to handing down a ruling?

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 30, 2014 12:48 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Can you please advise where the regulation is for this issue?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Thursday, January 30, 2014 12:43 PM  
**To:** Goss, Jordan T FIN:EX; Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

January 30, 2014

Hi Jordon and Paul  
s.17,s.21

---

**From:** CTBTaxQuestions FIN:EX [<mailto:CTBTaxQuestions@gov.bc.ca>]  
**Sent:** January-22-14 3:24 PM  
**To:** s.17,s.21  
**Cc:** Goss, Jordan T FIN:EX; s.17,s.21  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Thank you for your inquiry.

Please find the response to your ruling request attached to this email.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
We would be very pleased to meet with you to discuss this application and provide any additional support as required.

Thank you for your attention to this matter.  
s.17,s.21

---

**From:** s.17,s.21  
**Sent:** Tuesday, July 30, 2013 5:41 AM  
**To:** [Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)  
**Cc:** s.17,s.21  
**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul  
s.17,s.21

Page 220

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 30, 2014 1:05 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Thanks.

s.13,s.17

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, January 30, 2014 1:01 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

On hold. When I get a chance I'll ask the boss what he wants to do.

Apart from meeting with the Minister, is there anything in the email that you would normally do – meet prior to handing down a ruling?

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 30, 2014 12:48 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Can you please advise where the regulation is for this issue?

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21

**Sent:** Thursday, January 30, 2014 12:43 PM

**To:** Goss, Jordan T FIN:EX; Flanagan, Paul FIN:EX

**Cc:** s.17,s.21

**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

January 30, 2014

s.17,s.21



---

**From:** CTBTaxQuestions FIN:EX [mailto:CTBTaxQuestions@gov.bc.ca]  
**Sent:** January-22-14 3:24 PM  
**To:** s.17,s.21  
**Cc:** Goss, Jordan T FIN:EX, s.17,s.21  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Thank you for your inquiry.

Please find the response to your ruling request attached to this email.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
We would be very pleased to meet with you to discuss this application and provide any additional support as required.  
Thank you for your attention to this matter.  
s.17,s.21

s.17,s.21

---

**From:** s.17,s.21

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** [Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)

**CC:** s.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Page 225

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 23, 2014 9:31 AM  
**To:** Birks, Belinda E FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: Approval: PST FAQs - LNG

Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Birks, Belinda E FIN:EX  
**Sent:** Thursday, January 23, 2014 9:27 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: Approval: PST FAQs - LNG

The changes are live.

Thanks.

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 23, 2014 8:52 AM  
**To:** Birks, Belinda E FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: Approval: PST FAQs - LNG

Approved. Go ahead and post.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

---

**From:** Birks, Belinda E FIN:EX  
**Sent:** Wednesday, January 22, 2014 11:22 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** Approval: PST FAQs - LNG

Hi Jordan

The changes to the PST FAQs to add the two LNG questions are ready for your approval. I have copied the changes from both places (top & bottom portions) where we placed them under "Apply the Tax" (I didn't copy the whole webpage into the document because it is so long).

Let me know if you need any further changes or if you need more info. They are ready to be published any time you give the word.

<< File: Apply the PST-LNG.docx >>

Thanks,  
Belinda

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 22, 2014 11:31 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Attachments:** LNG and PM&E 2013.docx

**Importance:** High

This is the ruling Anne and Paul saw and I do not have any record of edits they had.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, January 10, 2014 1:47 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Did you happen to talk to Paul about this?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 8, 2014 1:52 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** FW: LNG and PM&E 2013  
**Importance:** High

Paul

I got your message about Peter wanting these to go out as soon as possible but giving the Minister of NG the heads up – which can be done with the IN Note that GCPE wants to do.  
s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 2:08 PM  
**To:** Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG and PM&E 2013

FYI – this is the highest level ruling we would be issuing on this. Some of the other requests are more detailed and include different questions but with respect to what we could turn into general information – this is it. We need direction from the two of you about whether we send out the rulings now and then get an FAQ on the web as soon as we can or try to get the web stuff up first <sup>s.13</sup>  
Please advise.

Jordan

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 22, 2014 11:30 AM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: s.17,s.21 LNG and PM&E 2013 V2  
**Attachments:** s.17,s.21 LNG and PM&E 2013 V2.docx

Here is the last version I have from you.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Henderson, Jeff FIN:EX  
**Sent:** Thursday, December 12, 2013 1:29 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** FW: s.17,s.21 LNG and PM&E 2013 V2

Hi Jordan,

I just removed one phrase that seemed to be out of place. Otherwise I think it looks fine.

Thanks,

Jeff

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, December 12, 2013 12:59 PM  
**To:** Henderson, Jeff FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** s.17,s.21 LNG and PM&E 2013 V2

See my edits to the s.17.s.2 letter. Thanks.





December 2, 2013

s.17,s.21

**Subject: Application of British Columbia Provincial Sales Tax to the Production Machinery and Equipment used to Manufacture LNG in British Columbia**

s.17,s.21

Dear :

Thank you for your email and attached submission to Paul Flanagan dated July 31, 2013, in which you requested a ruling concerning the application of provincial sales tax (PST) to the construction and operation of the s.17,s.21

### **RULING REQUEST**

In your comprehensive submission, you explain how the s.17,s.21  
s.17,s.21 qualifies as manufacturing for the purposes of the production machinery and equipment (PM&E) exemption under the Provincial Sales Tax Exemption and Refund Regulation (PSTERR). s.17,s.21  
s.17,s.21

### **RULING**

The PM&E exemption provides PST exemptions for several industries, including manufacturing and oil and gas production. As part of the re-implementation of the PST, the PM&E exemption in the PSTERR was drafted to include distinct provisions for the different industries that qualify for exemption.

### **Manufacturers**

Oil and gas producers are defined in the PSTERR to include persons that extract or process petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 ("Extraction or processing of petroleum or natural gas") of the PSTERR.

Qualifying manufacturers may make exempt purchases in accordance with section 92 ("Manufacturing") of the PSTERR.

s.13

### **Oil and Gas Producers**

To qualify for exemption, machinery and equipment used in the processing of natural gas, including the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or "qualifying part" of the processing plant. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas is a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, machinery and equipment used to process that natural gas does not qualify for exemption.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This ruling and interpretation may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. This ruling and interpretation is provided as an aid to understanding the legislation and is not intended to replace the legislation. The Ministry is not responsible for updating this ruling and interpretation if there are any subsequent changes to the law.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, January 22, 2014 10:26 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** RE: PST FAQ - LNG

Fine with that.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Wednesday, January 22, 2014 10:08 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: PST FAQ - LNG

How do you feel about this placement of the FAQs (on the website)?

**Joel Fairbairn**  
Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

---

**From:** Birks, Belinda E FIN:EX  
**Sent:** Wednesday, January 22, 2014 9:42 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** RE: PST FAQ - LNG

<< File: Apply the PST-LNG.docx >>

---

**From:** Fairbairn, Joel FIN:EX

**Sent:** Wednesday, January 22, 2014 9:15 AM  
**To:** Birks, Belinda E FIN:EX  
**Subject:** RE: PST FAQ - LNG

It will not allow me access

**Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

---

**From:** Birks, Belinda E FIN:EX  
**Sent:** Wednesday, January 22, 2014 8:28 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** PST FAQ - LNG

Hi Joel – here is the page in draft. The changes are in both places (top & bottom portions) under “Apply the Tax”.

Let me know if you are OK with the placement etc and I will forward for approvals.

Thanks,  
Belinda

<https://www2.qa.gov.bc.ca/gov/topic.page?id=CE70BF6CB8424CA9A38F1F6C33EE7E1D>

## **Cheetham, Patricia FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Tuesday, January 21, 2014 11:48 AM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: LNG QA

Couple of edits for your consideration

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Tuesday, January 21, 2014 11:43 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG QA  
**Importance:** High

Anne

Please see below – the first question has been edited by PI and I added the red. The second question I through in there so that we had a couple questions. Please let us know ASAP if you have any concerns/edits that you would like to see so that we can these up.

s.13

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Tuesday, January 21, 2014 11:43 AM  
**To:** Foy, Anne FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** LNG QA

**Importance:** High

Anne

Please see below – the first question has been edited by PI and I added the red. The second question I through in there so that we had a couple questions. Please let us know ASAP if you have any concerns/edits that you would like to see so that we can these up.

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611





**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, January 20, 2014 9:47 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** LNG faq

Did PI give you an indication when we could get this up once we approve any edits they suggest?

Jordan Goss

## **Cheetham, Patricia FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Thursday, January 16, 2014 11:13 AM  
**To:** Fairbairn, Joel FIN:EX; Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX; Goss, Jordan T FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

I don't recall seeing the first 1<sup>st</sup> part of the response or other LNG Q&A's

I have no concerns with the Q & A but some suggested edits to the subsequent paragraph

s.13

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Thursday, January 16, 2014 10:54 AM  
**To:** Edwardson, Jamie GCPE:EX; Flanagan, Paul FIN:EX; Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

**Please note: This has not been provided to you previously. Jordan/Paul/Anne-please review.**

Here is a draft Q&A. We haven't been asked this specific question in the 2<sup>nd</sup> part of the response (at least not in the couple of questions I've seen), but it's an obvious question when you read the 1<sup>st</sup> part of the response.

s.13

Also, Jamie, there was also a typo on the first page last bullet- posted s/b posting.

-J

**Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

---

**From:** Edwardson, Jamie GCPE:EX  
**Sent:** Thursday, January 16, 2014 10:08 AM  
**To:** Flanagan, Paul FIN:EX; Goss, Jordan T FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

Will do.

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** January-16-14 10:06 AM  
**To:** Goss, Jordan T FIN:EX; Edwardson, Jamie GCPE:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

Jamie. Could you make sure Peter is aware.

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 16, 2014 9:51 AM  
**To:** Edwardson, Jamie GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** IN for Minister - PSTA LNG Rulings - Jan 2014

Jamie

As per Paul's note – the Ministry of LNG is now aware that we will be issuing the ruling. Here is the background of an IN note for you in case you need it.

Given this – is everyone okay if we send out the rulings today and get working on posting the FAQ?

Thanks

Jordan

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 16, 2014 10:39 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** Re: IN for Minister - PSTA LNG Rulings - Jan 2014

Ok. I thought Jeff had taken a first cut.

Jordan Goss

On 2014-01-16, at 10:30 AM, "Fairbairn, Joel FIN:EX" <[Joel.Fairbairn@gov.bc.ca](mailto:Joel.Fairbairn@gov.bc.ca)> wrote:

We have not written one. We'll do that now.

**Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, January 16, 2014 10:15 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** Fwd: IN for Minister - PSTA LNG Rulings - Jan 2014  
Can you do this please?

Jordan Goss

Begin forwarded message:

**From:** "Edwardson, Jamie GCPE:EX" <[Jamie.Edwardson@gov.bc.ca](mailto:Jamie.Edwardson@gov.bc.ca)>  
**Date:** 16 January, 2014 9:55:17 AM PST  
**To:** "Goss, Jordan T FIN:EX" <[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)>  
**Cc:** "Flanagan, Paul FIN:EX" <[Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)>, "Foy, Anne FIN:EX" <[Anne.Foy@gov.bc.ca](mailto:Anne.Foy@gov.bc.ca)>, "Fairbairn, Joel FIN:EX" <[Joel.Fairbairn@gov.bc.ca](mailto:Joel.Fairbairn@gov.bc.ca)>  
**Subject:** RE: IN for Minister - PSTA LNG Rulings - Jan 2014

Thanks – works for me. Can you send me the FAQ again please, I seem to have lost it.

**From:** Goss, Jordan T FIN:EX  
**Sent:** January-16-14 9:51 AM  
**To:** Edwardson, Jamie GCPE:EX  
**Cc:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** IN for Minister - PSTA LNG Rulings - Jan 2014

Jamie

As per Paul's note – the Ministry of LNG is now aware that we will be issuing the ruling. Here is the background of an IN note for you in case you need it.

Given this – is everyone okay if we send out the rulings today and get working on posting the FAQ?

Thanks

Jordan

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, December 5, 2014 4:23 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** FW: s.17,s.21 : Sales Tax Rulings  
**Attachments:** s.17,s.21

Please find attached a number of ruling requests with instructions about how they would like the responses. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Friday, December 5, 2014 10:58 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** s.17,s.21 Sales Tax Rulings

Good morning Jordan  
s.17,s.21

If you or the person(s) reviewing these requests have any questions, please contact me.

Regards

s.17,s.21

Page 246

Withheld pursuant to/removed as

s.21;s.17



Page 247 to/à Page 257

Withheld pursuant to/removed as

s.21;s.13;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 17, 2014 12:14 PM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE:

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, November 17, 2014 12:07 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE:

Thanks. One more question. s.13

Paul

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 17, 2014 12:02 PM  
**To:** Flanagan, Paul FIN:EX  
**Subject:** RE:

s.13

s.13  
exemption applies to TPP for use **primarily and directly** in the manufacture of TPP.

the general

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Flanagan, Paul FIN:EX  
**Sent:** Monday, November 17, 2014 11:17 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:**

Jordan.

s.13

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 2:40 PM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Hughson, Hugh FIN:EX  
**Subject:** FW: LNG - Sales Tax; Fuel Tax

Joel

Since you have the language on the standard PST response, we can respond from the mailbox.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 12:18 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX  
**Subject:** RE: LNG - Sales Tax; Fuel Tax

I would respond with the standard PST response – NG to LNG is not manufacturing for the purposes of the PM&E exemptions

For the MFTA and CTA is OK to say there are no changes in the tax application.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

---

**From:** Hughson, Hugh FIN:EX  
**Sent:** Friday, October 24, 2014 12:11 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Goss, Jordan T FIN:EX  
**Subject:** FW: LNG - Sales Tax; Fuel Tax

FYI - Another similar LNG question.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

**From:** s.17,s.21  
**Sent:** Tuesday, October 21, 2014 2:25 PM  
**To:** Hughson, Hugh FIN:EX  
**Subject:** LNG - Sales Tax; Fuel Tax

I am just reading about the LNG Income Tax changes. I have not seen any mention of Sales Tax or Fuel Tax or Carbon Tax - is this correct there are no changes to those taxes with this project?

s.17,s.21

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, October 24, 2014 2:27 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX  
**Subject:** RE: LNG - Sales Tax; Fuel Tax

Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** Foy, Anne FIN:EX  
**Sent:** Friday, October 24, 2014 12:18 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** Hughson, Hugh FIN:EX; Flanagan, Paul FIN:EX  
**Subject:** RE: LNG - Sales Tax; Fuel Tax

I would respond with the standard PST response – NG to LNG is not manufacturing for the purposes of the PM&E exemptions

For the MFTA and CTA is OK to say there are no changes in the tax application.

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**From:** Hughson, Hugh FIN:EX  
**Sent:** Friday, October 24, 2014 12:11 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Goss, Jordan T FIN:EX  
**Subject:** FW: LNG - Sales Tax; Fuel Tax

FYI - Another similar LNG question.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

**From:** s.17,s.21

**Sent:** Tuesday, October 21, 2014 2:25 PM

**To:** Hughson, Hugh FIN:EX

**Subject:** LNG - Sales Tax; Fuel Tax

I am just reading about the LNG Income Tax changes. I have not seen any mention of Sales Tax or Fuel Tax or Carbon Tax - is this correct there are no changes to those taxes with this project?

s.13,s.17,s.21

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:22 PM  
**To:** Hughson, Hugh FIN:EX  
**Subject:** RE: LNG - Placeholder

Thanks so much. I hadn't heard that. I touched base with Anne and Tax policy is looped in as any double taxation would be a policy issue for them.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

---

**From:** Hughson, Hugh FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:13 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: LNG - Placeholder

I agree but I keep hearing something about "emission's" which could overlap with CTA and potential double taxation.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:09 PM  
**To:** Hughson, Hugh FIN:EX  
**Subject:** RE: LNG - Placeholder

Thanks. My understanding is that the legislation will outline the tax on the income generated. I think you have already identified how the plant operators will be subject to the CTA, MFTA and PST. I believe we have already provided some general information about the obligations about tax payable on any inputs and tax on goods/fuel for own use.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance



Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Hughson, Hugh FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:00 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** LNG - Placeholder

A quick note that when the new LNG (income tax and emissions) legislation is public we will need to look at potential overlaps with MFTA, CTA and PST.

My guess is that any LNG plant built in BC will be subject to:

- CTA – retail dealer for taxable sales in BC and self-assess based on use (e.g., in the manufacturing process such as compressors, heating etc);
- MFTA – exempt at time of purchase but self-assess based on use; and
- PST and ICE unless FIN 449

I've BF'd for later this month.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:15 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: LNG - Placeholder

If anyone was aware of this – you would be – is there overlap?

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Hughson, Hugh FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:13 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: LNG - Placeholder

I agree but I keep hearing something about "emission's" which could overlap with CTA and potential double taxation.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:09 PM  
**To:** Hughson, Hugh FIN:EX  
**Subject:** RE: LNG - Placeholder

Thanks. My understanding is that the legislation will outline the tax on the income generated. I think you have already identified how the plant operators will be subject to the CTA, MFTA and PST. I believe we have already provided some general information about the obligations about tax payable on any inputs and tax on goods/fuel for own use.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**From:** Hughson, Hugh FIN:EX  
**Sent:** Wednesday, October 8, 2014 12:00 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** LNG - Placeholder

A quick note that when the new LNG (income tax and emissions) legislation is public we will need to look at potential overlaps with MFTA, CTA and PST.

My guess is that any LNG plant built in BC will be subject to:

- CTA – retail dealer for taxable sales in BC and self-assess based on use (e.g., in the manufacturing process such as compressors, heating etc);
- MFTA – exempt at time of purchase but self-assess based on use; and
- PST and ICE unless FIN 449

I've BF'd for later this month.

Hugh Hughson  
Manager, Fuel & Carbon Tax  
Ministry of Finance  
250-387-0674

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Monday, October 6, 2014 9:49 AM  
**To:** s.17,s.21  
**Cc:** s.17,s.21 Goss, Jordan T FIN:EX  
**Subject:** RE: Query: PME Exemption for LNG Facilities

Dear s.17,s.21

Thank you for your inquiry addressed to Jordan Goss, Executive Director of the Consumer Taxation Programs Branch. Your inquiry was forwarded to the Rulings and Interpretation Team for response.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [Provincial Sales Tax Act \(PSTA\)](#)
- [Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)
- [Provincial Sales Tax Regulation \(PSTR\)](#)

PST applies to retail sales and leases of tangible personal property (TPP), software, related services, legal services, telecommunication services, and accommodation.

### Liquefied Natural Gas Processing

s.17,s.21

Oil and gas producers are defined in the PSTERR to include persons that extract or process petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 ("Extraction or processing of petroleum or natural gas") of the PSTERR. To qualify for exemption, machinery and equipment used in the extraction or processing of natural gas, which includes the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

For the purposes of section 95(1)(a) of the PSTERR, extraction and processing of natural are considered to be distinct and separate activities. Extraction refers to the removal of natural gas from the ground, while processing refers to transforming gas from a non-marketable to a marketable state. As extraction is considered a separate activity from processing, extraction of natural gas cannot be combined with natural gas processing for the purposes of the exclusions outlined in section (e)(v)(A) of "non-qualifying activity."

s.17,s.21

Oil and gas producers are defined in the PSTERR to include persons that extract or “process” petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 (“Extraction or processing of petroleum or natural gas”) of the PSTERR. To qualify for exemption, machinery and equipment used in the extraction or processing of natural gas, which includes the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or “qualifying part” of the processing plant, as per section 95(2) of the PSTERR. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a “marketable product.” If the feedstock natural gas used in the production of LNG is a marketable product, the machinery and equipment obtained for use in the production of LNG does not fall within the “qualifying part” of the processing plant and is not eligible for exemption under section 95 of the PSTERR.

Section 90(1) of the PSTERR provides more information on when natural gas becomes a “marketable product.”

A marketable product means petroleum or natural gas, whether it occurs naturally or results from the refining or processing of petroleum or natural that is:

- a) available for sale for direct consumption as a domestic, commercial or industrial fuel or as an industrial raw material, or
- b) delivered to a storage facility.

Marketable gas is processed or unprocessed (naturally occurring) natural gas that is of a quality that the natural gas could be sold for specific purposes and used for those purposes without modification (for direct consumption). The specific purposes are: as a domestic fuel; as a commercial fuel; as an industrial fuel; as an industrial raw material; or for delivery to a storage facility. Natural gas is of a quality that it could be sold and used for these specific purposes when it is of ‘pipeline quality’ or greater – that is, natural gas is “marketable gas” when it is of ‘pipeline quality’ or greater. Pipeline quality means that the natural gas meets the specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Transmission pipelines are different from gathering lines and distribution lines in the natural gas grid. Gathering lines bring natural gas to a processing plant from well heads. Distribution lines deliver natural gas to end users from distribution centers.

If natural gas is pipeline quality, whether naturally or due to processing, the gas is considered marketable (processed).

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **“Subscribe To Receive Updates”** which is located near the top right of the page.

More information on British Columbia’s return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**

**Sent:** Friday, August 29, 2014 1:17 PM

**To:** Goss, Jordan T FIN:EX

**Cc:** s.17,s.21

**Subject:** Query: PME Exemption for LNG Facilities

Dear Ms. Goss:

I understand that you are the Executive Director at the Consumer Taxation Programs Branch with the Ministry of Finance  
s.17,s.21

Any assistance, guidance you could provide would be greatly appreciated.

Kind regards,

s.17,s.21

Page 271

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, October 2, 2014 6:04 AM  
**To:** Dell, Matt FIN:EX  
**Subject:** RE: Query: PME Exemption for LNG Facilities

Matt

Sorry for the delay. I am okay with this response.

Jordan

---

**From:** Dell, Matt FIN:EX  
**Sent:** Tuesday, September 23, 2014 1:29 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: Query: PME Exemption for LNG Facilities

Hi Jordan,

This is the draft-ruling I wrote for s.17,s. They are asking some fairly confusing and complex questions, so I'd be open to taking a different approach to the response if necessary. I've reviewed this with Jeff and he is happy with the answer.

-Matt

---

**From:** Dell, Matt FIN:EX  
**Sent:** Thursday, September 11, 2014 3:17 PM  
**To:** Dell, Matt FIN:EX  
**Subject:** RE: Query: PME Exemption for LNG Facilities

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [\*\*Provincial Sales Tax Act \(PSTA\)\*\*](#)
- [\*\*Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)\*\*](#)
- [\*\*Provincial Sales Tax Regulation \(PSTR\)\*\*](#)

PST applies to retail sales and leases of tangible personal property (TPP), software, related services, legal services, telecommunication services, and accommodation.

[\*\*Liquefied Natural Gas Processing\*\*](#)

s.17,s.21



Oil and gas producers are defined in the PSTERR to include persons that extract or process petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 ("Extraction or processing of petroleum or natural gas") of the PSTERR. To qualify for exemption, machinery and equipment used in the extraction or processing of natural gas, which includes the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

For the purposes of section 95(1)(a) of the PSTERR, extraction and processing of natural are considered to be distinct and separate activities. Extraction refers to the removal of natural gas from the ground, while processing refers to transforming gas from a non-marketable to a marketable state. As extraction is considered a separate activity from processing, extraction of natural gas cannot be combined with natural gas processing for the purposes of the exclusions outlined in section (e)(v)(A) of "non-qualifying activity."

s.17,s.21

Oil and gas producers are defined in the PSTERR to include persons that extract or "process" petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 ("Extraction or processing of petroleum or natural gas") of the PSTERR. To qualify for exemption, machinery and equipment used in the extraction or processing of natural gas, which includes the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or "qualifying part" of the processing plant, as per section 95(2) of the PSTERR. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a "marketable product." If the feedstock natural gas used in the production of LNG is a marketable product, the machinery and equipment obtained for use in the production of LNG does not fall within the "qualifying part" of the processing plant and is not eligible for exemption under section 95 of the PSTERR.

Section 90(1) of the PSTERR provides more information on when natural gas becomes a "marketable product."

A marketable product means petroleum or natural gas, whether it occurs naturally or results from the refining or processing of petroleum or natural that is:

- a) available for sale for direct consumption as a domestic, commercial or industrial fuel or as an industrial raw material, or
- b) delivered to a storage facility.

Marketable gas is processed or unprocessed (naturally occurring) natural gas that is of a quality that the natural gas could be sold for specific purposes and used for those purposes without modification (for direct consumption). The specific purposes are: as a domestic fuel; as a commercial fuel; as an industrial fuel; as an industrial raw material; or for delivery to a storage facility. Natural gas is of a quality that it could be sold and used for these specific purposes when it is of 'pipeline quality' or greater – that is, natural gas is "marketable gas" when it is of 'pipeline quality' or greater. Pipeline quality means that the natural gas meets the specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Transmission pipelines are different from gathering lines and distribution lines in the natural gas grid. Gathering lines bring natural gas to a processing plant from well heads. Distribution lines deliver natural gas to end users from distribution centers.

If natural gas is pipeline quality, whether naturally or due to processing, the gas is considered marketable (processed).

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Wednesday, September 3, 2014 11:11 AM  
**To:** Dell, Matt FIN:EX  
**Subject:** FW: Query: PME Exemption for LNG Facilities

Please check

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, September 3, 2014 11:05 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** FW: Query: PME Exemption for LNG Facilities

Can you please see if we already sent a ruling to s.17 on LNG before.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

---

**From:** s.17,s.21  
**Sent:** Friday, August 29, 2014 1:17 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** s.17,s.21  
**Subject:** Query: PME Exemption for LNG Facilities

Dear Ms. Goss:

I understand that you are the Executive Director at the Consumer Taxation Programs Branch with the Ministry of Finance  
s.17,s.21

Any assistance, guidance you could provide would be greatly appreciated.

Kind regards,

s.17,s.21

Page 276

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, September 4, 2014 3:30 PM  
**To:** s.17,s.21  
**Cc:** s.17,s.21  
**Subject:** RE: Query: PME Exemption for LNG Facilities

Thank you for your letter. I am working on getting a response for you. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Friday, August 29, 2014 1:17 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** s.17,s.21  
**Subject:** Query: PME Exemption for LNG Facilities

Dear Ms. Goss:

I understand that you are the Executive Director at the Consumer Taxation Programs Branch with the Ministry of Finance  
s.17,s.21

s.17,s.21

Any assistance, guidance you could provide would be greatly appreciated.

Kind regards,

s.17,s.21

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, September 3, 2014 11:05 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** FW: Query: PME Exemption for LNG Facilities

Can you please see if we already sent a ruling to s.17 on LNG before.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

s.17,s.21  
**From:**  
**Sent:** Friday, August 29, 2014 1:17 PM  
**To:** Goss, Jordan T FIN:EX  
**Cc:** s.17,s.21  
**Subject:** Query: PME Exemption for LNG Facilities

Dear Ms. Goss:

I understand that you are the Executive Director at the Consumer Taxation Programs Branch with the Ministry of Finance  
s.17,s.21

s.17,s.21

Any assistance, guidance you could provide would be greatly appreciated.

Kind regards,

s.17,s.21



**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, June 12, 2014 4:03 PM  
**To:** Perhar, Satish FIN:EX  
**Cc:** Foy, Anne FIN:EX  
**Subject:** LNG PME

Satish

I understand you were asking about the rulings on LNG PME. Here are the links to the FAQs on our PST site that have the information we provide to anyone that asks about the application of PST to equipment used in making LNG.

- [Do liquefied natural gas \(LNG\) producers qualify as manufacturers eligible to obtain production machinery and equipment \(PM&E\) exempt from PST?](#)
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

Page 282 to/à Page 291

Withheld pursuant to/removed as

s.13

## **Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Thursday, May 8, 2014 12:23 PM  
**To:** Flanagan, Paul FIN:EX; Foy, Anne FIN:EX  
**Subject:** RE: S.17,s.21 - Production Machinery & Equipment Ruling Request

It's still with me I think. Sorry!

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Flanagan, Paul FIN:EX  
**Sent:** Thursday, May 8, 2014 12:23 PM  
**To:** Foy, Anne FIN:EX  
**Cc:** Goss, Jordan T FIN:EX  
**Subject:** RE: s.17,s.21 - Production Machinery & Equipment Ruling Request

Did they get a response?

---

**From:** s.17,s.21  
**Sent:** Thursday, May 8, 2014 11:59 AM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** Goss, Jordan T FIN:EX  
**Subject:** s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Paul:  
s.17,s.21

---

**From:** s.17,s.21  
**Sent:** February-17-14 7:52 AM

**To:** Flanagan, Paul FIN:EX

**Cc:** s.17,s.21

**Subject:** FW: s.17,s.21

'Goss, Jordan T FIN:EX'

- Production Machinery & Equipment Ruling Request

Hi Paul:

Just following up on the email below.

You are likely busy with the budget over the next few days. So would you be free to meet later in the week?

s.17,s.21

---

**From** s.17,s.21

**Sent:** February-12-14 3:34 PM

**To:** Flanagan, Paul FIN:EX

**Cc:** Fairbairn, Joel FIN:EX; 'Goss, Jordan T FIN:EX'; s.17,s.21

**Subject:** s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Paul:

We have reviewed the FAQs that were released recently with respect to the eligibility of LNG plants to qualify for the PST PM&E exemption. We would like to understand the policy intent behind these FAQs and whether all LNG plants will not be eligible for the PM&E exemption.

s.17,s.21

We think it would best to meet in person to discuss the above issues. Would you be available for a meeting on Monday February 17 or Tuesday February 18?

Regards

s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** February-07-14 11:17 AM

**To:** s.17,s.21

**Cc:** Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX

**Subject:** RE: s.17,s.21

Production Machinery & Equipment Ruling Request

s 1

The ruling request is currently under review by the Tax Policy Branch.

As I believe I mentioned on the phone when we first discussed your sending a request in, we have been working closely with Tax Policy Branch on rulings related to LNG and in developing the FAQs that are on the website to ensure that rulings and FAQs reflect the tax policy intent of the legislation.

Please feel free to contact Paul Flanagan, Executive Director of Tax Policy if you would like to discuss further. I have cc'd him on this response and his number is: 250 387-9014

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21

**Sent:** Thursday, February 6, 2014 9:51 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** RE: S.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordon:

I looked at the FAQs you mentioned below.

They say that the PM&E exemption for manufacturers does not apply to LNG production.

s.17,s.21  
s.17,s.21

We would like to discuss this point with you or the person assigned to the ruling request further to see if they have reached a preliminary conclusion on this point.

s.17,s.21

I think it would be helpful to have a discussion on this point. Can you let me know when you would be free to discuss this further.

Regards

s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]

**Sent:** February-05-14 1:50 PM

**To:** s.17,s.21

**Subject:** RE: s.17,s.21

Production Machinery & Equipment Ruling Request

Thank s.17,s.21

The Ministry did post a few general FAQs recently at:

**Liquefied Natural Gas**

- Do liquefied natural gas (LNG) producers qualify as manufacturers eligible to obtain production machinery and equipment (PM&E) exempt from PST?
- Are liquefied natural gas (LNG) producers eligible to purchase natural gas that they convert into LNG for sale, exempt from PST?

• We have not yet completed the specific ruling on s.17.s.21. Unfortunately we have had some staff turnover in our rulings section so I will need to follow up on where this ruling is at and get back to you.

Thanks.

**Jordan Goss**

Executive Director

Consumer Taxation Programs Branch

Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

s.17,s.21

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Thursday, March 27, 2014 2:38 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: s.17,s.21 Request - Production Machinery & Equipment Ruling

**Joel Fairbairn**  
Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: joel.fairbairn@gov.bc.ca

Hi Joel,

Here is the revised ruling for Jordan's review.

Thanks,

Jeff

Hi Joel,

Here is the draft ruling for your review:

Thanks,  
Jeff

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Wednesday, March 12, 2014 3:33 PM  
**To:** Henderson, Jeff FIN:EX  
**Subject:** FW: s.17,s.21

- Production Machinery & Equipment Ruling Request

It's all yours.

**Joel Fairbairn**

Manager, Program Services  
Consumer Tax Programs Branch  
Ministry of Finance  
ph: (250) 387-1118  
mail to: [joel.fairbairn@gov.bc.ca](mailto:joel.fairbairn@gov.bc.ca)

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, March 12, 2014 2:35 PM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** FW: s.17,s.21

Production Machinery & Equipment Ruling Request

See attached from Anne. Can you please have someone work on preparing a ruling ASAP – for our review first. If Jeff is back next week, we can wait until then since he drafted the other rulings on LNG and PME.

**Jordan Goss**

Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Thursday, December 12, 2013 7:59 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: s.17,s.21

Production Machinery & Equipment Ruling Request

Hi Jordan:

Can you please use the above attached documents rather than the ones that I attached yesterday.

Thanks



s.1

**From:** s.17,s.21

**Sent:** December-11-13 5:24 PM

**To:** 'Jordan.Goss@gov.bc.ca'

**Subject:** 's.17,s.21

- Production Machinery & Equipment Ruling Request

Hi Jordan:

Further to our discussion last month, please find attached a BC Provincial Sales Tax Act ruling request (with related attachments) with respect to the application of the production, machinery and equipment exemption to the LNG facility that

s.17,s.21

We will also courier a copy of the ruling request to you on Thursday.

Regards

s.17,s.21

Page 299

Withheld pursuant to/removed as

s.21;s.17

**Cheetham, Patricia FIN:EX**

---

**From:** Foy, Anne FIN:EX  
**Sent:** Wednesday, March 12, 2014 2:12 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE:s.17,s.21 : Ruling

s.17,s.21

Once you do the ruling, you and Paul can discuss any issues.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, March 12, 2014 1:11 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** Re: 's.17,s.21 Ruling

I am not sure what this means. Don't we need to actually rule on the questions they sent?

Jordan Goss

On 2014-03-12, at 12:05 PM, "Foy, Anne FIN:EX" <[Anne.Foy@gov.bc.ca](mailto:Anne.Foy@gov.bc.ca)> wrote:

Jordan,

Paul talked to s.17,s.21

Ruling should be finalized, s.17,s.21

Paul would like to review the ruling before it is sent to ensure it is consistent with his discussions.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

**Cheetham, Patricia FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 26, 2014 11:59 AM  
**To:** Eggleston, Stephen D FIN:EX  
**Subject:** FW: BC Tax Application Ruling - CNG/LNG s.17,s.21  
**Attachments:** s.17,s.21

s.13

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:2503870611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, February 26, 2014 10:40 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: BC Tax Application Ruling - CNG/LNG - c 17 c

Hi Jordan,

Did we ever get any feedback on this?

I have another Inbox question on a similar matter (CNG and LNG purchased for use in motor vehicles  
s.17,s.21

Thanks.

**Stephen Eggleston**  
Senior Rulings Analyst  
Consumer Taxation Programs Branch  
Ministry of Finance  
Tel: 250-387-0118  
Fax: 250-356-2195

***We cannot guarantee the absolute security of personal information during e-mail transmission. Information could be accidentally disclosed or deliberately intercepted. By continuing to use e-mail, you acknowledge and accept these risks.***

**⚠ Please consider the environment before printing this email.**

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, November 25, 2013 1:59 PM  
**To:** Fairbairn, Joel FIN:EX  
**Cc:** Eggleston, Stephen D FIN:EX  
**Subject:** FW: BC Tax Application Ruling - CNG/LNG - € 17 €

FYI – the new request. I will be forwarding to Tax Policy so it can be discussed prior to responding.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

s.17,s.21  
**From:**  
**Sent:** Monday, November 25, 2013 1:48 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - € 17 €

Hi Jordan  
s.17,s.21

Regards

s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** November-25-13 9:47 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - s 17 s

Will do – thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

s.17,s.21  
**From:** \_\_\_\_\_  
**Sent:** Monday, November 25, 2013 9:43 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - s 17 s

Hi Jordan

s.17,s.21

Regards  
s.17,s.21

**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]  
**Sent:** November-22-13 8:49 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - s.17,s.21

Thanks s.17,s.21.

I will have rulings staff review and prepare a response.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE: *Trusted financial and economic leadership for a prosperous province***

**From:** s.17,s.21  
**Sent:** Thursday, November 21, 2013 9:11 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** BC Tax Application Ruling - CNG/LNG - s.17,s.21

Good morning Jordan

s.17,s.21

Enclosed please find a ruling request we have been asked to prepare regarding the application of PST, ICE Levy, MFT and CT to the sale of CNG and LNG for s.17,s.21  
s.17,s.21 The purpose of the letter is twofold. First, to confirm the proper application of the taxes/levies under the current legislation s.17,s.21 can ensure it is applying these taxes/levies as required under the current legislation. s.17,s.21  
s.17,s.21

Please contact me if you have any questions.

Regards

s.17,s.21

Page 305

Withheld pursuant to/removed as

s.21;s.17



Page 306 to/à Page 309

Withheld pursuant to/removed as

Copyright

**Cheetham, Patricia FIN:EX**

---

**From:** Dell, Matt FIN:EX  
**Sent:** Tuesday, March 3, 2015 3:41 PM  
**To:** Wood, Robert B JTST:EX  
**Cc:** Fairbairn, Joel FIN:EX; Nagelbach, Alexander FIN:EX  
**Subject:** TRIM: RE: PST Questions re: Petrochemical Sector

**Categories:** 28

Hi Rob,

Good to hear from you again.

The first ruling request did not have enough information on this manufacturing scenario and as such we were hesitant to provide any concrete advise on how the PM&E exemptions apply.

In general, equipment used for standard natural gas processing activities only qualifies up to the point that the natural gas becomes a marketable product. Other secondary manufacturing activities that utilize marketable natural gas as an input generally do not qualify as "natural gas processing" under the PM&E in section 95 of the PSTERR ("Extraction or Processing of petroleum or natural gas"), but instead likely qualify as standard manufacturing under section 92 of the PSTERR ("Manufacturing").

Under section 92, you are "manufacturing" goods if you do the following:

- fabricate or manufacture goods to create a new product substantially different from the material or property from which it was made, or
- process goods by performing a series of operations, or a complex operation, that results in a substantial change in the form or other physical or chemical characteristics of the goods.

It is unfortunate that we do not have any previous rulings we can look to for advice on manufacturing methanol, ammonia, Ethylene Glycol, Gas to liquids. As such, it would be very beneficial for us to do a more complex analysis of this proposed project to help determine exactly how the PM&E exemption applies.

Please get back to me with any further questions you have, or if you can access more information on the proposed project.

-Matt

---

**From:** Wood, Robert B JTST:EX  
**Sent:** Tuesday, March 3, 2015 10:03 AM  
**To:** Dell, Matt FIN:EX  
**Cc:** Hewitt, Jeremy JTST:EX  
**Subject:** FW: PST Questions re: Petrochemical Sector

Matt,

Thanks for this detailed response below.

In the case of our specific question, it may be best for us to have a proponent send their details. However, to clarify, the manufacturing processes involved in the listed items (methanol, ammonia, Ethylene Glycol, Gas to liquids) are quite different than Processing and LNG.

They use pipeline grade natural gas as an input feedstock to chemically modify the product into a completely different marketable product. Most are pre-cursors for the plastic and chemicals we use in our homes. Others are producing completely different hydrocarbon products such as Diesel, gasoline or kerosene.

In previous conversations, I recall indication that this would be considered manufacturing for the purpose of the PST tax exemption.

If you have any further thoughts, that would be helpful. Please let me know. I will give our clients the referenced email for specific enquiries.

Regards,

Rob Wood  
Project Manager, Major Investments Office  
Ministry of Jobs, Tourism & Skills Training  
(250) 356-7553; cell: (250)-216-4322

---

**From:** Hewitt, Jeremy JTST:EX  
**Sent:** Friday, February 27, 2015 2:50 PM  
**To:** Wood, Robert B JTST:EX  
**Subject:** FW: PST Questions re: Petrochemical Sector

Haven't read this yet but here you go...

---

**From:** Dell, Matt FIN:EX  
**Sent:** Friday, February 27, 2015 2:26 PM  
**To:** Hewitt, Jeremy JTST:EX  
**Subject:** RE: PST Questions re: Petrochemical Sector

Hi Jeremy,

Thank you for your inquiry on this issue. Anne Foy in the Tax Policy branch has forwarded your inquiry to the Consumer Taxation Programs Branch for response. We operate the Rulings and Interpretation inbox and deal with complex tax interpretations for the provincial sales tax (PST), carbon tax and motor fuel tax. We have provided answers to both of your questions below. If you have any further questions on this information, or require some clarification, please let us know. In the future, if you have specific clients who require PST clarification, they can e-mail us directly at [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

1. Does the PST exemption on machinery and equipment apply to the petrochemical process? For example, the purchase of machinery to make methanol, ammonia, or gasoline from natural gas.

Under section 95 of the Provincial Sales Tax Exemption and Refund Regulation, there is an exemption for machinery or equipment obtained for use primarily and directly in the procession of natural gas.

This exemption is very specific and only applies to processing activities that take place at the “qualifying part of the processing plant or refinery.” The qualify part of the processing plant ends when the natural gas becomes a “marketable product,” which means that many secondary processing activities do not qualify under this section. Please see the LNG information below for an example.

Without further information on the ammonia, methanol and gasoline processing activities, we cannot provide a definitive answer on whether the equipment used to perform these activities qualifies for the PM&E exemption. Generally, we require detailed step-by-step information on the production process and on the equipment used during the process.

For general information, please see Bulletin PST 113 – Oil and Gas Industry – Producers and Processors.

To qualify for exemption, machinery and equipment used in the processing of natural gas - including the conversion of natural gas to LNG - must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or “qualifying part” of the processing plant. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas is a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, machinery and equipment used to process that natural gas does not qualify for exemption. Feedstock natural gas used in the production of LNG is a marketable product. As a result, the machinery and equipment obtained for use in the production of LNG does not fall within “qualifying part” of the processing plant and is not eligible for exemption under section 95 of the PSTERR.

For more information on the PM&E exemptions, please see Bulletin PST 110 – Production Machinery and Equipment.

**2. The Expert Panel on Tax Competitiveness, BCBC and others have called for a refundable tax credit for PST paid on machinery and equipment. It is my understanding that machinery and equipment is already exempt. Can you help clarify this?**

You are correct. There is already an exemption from PST (point of sale exemption) for qualifying production machinery and equipment. If a qualifying manufacturer pays the PST on exempt PM&E, they are eligible for a refund. You can find a general overview of this exemption in Bulletin PST 110 – Production Machinery and Equipment.

With respect to the Expert Panel on Tax Competitiveness recommendations, the panel’s recommendations were only in respect of items that are not currently exempt of tax under the PM&E exemptions.

As confirmed in Bulletin PST 110, the following types of businesses may qualify for the PM&E exemption: Abbatoirs, Boat builders, Book binders, Breweries, Cartographers, Copying and duplicating operations (where copies are produced for resale), Custom shoemakers, Dairies that produce milk products (does not include dairies that only perform the pasteurization process), Decorative iron works, Dental laboratories, Denturists, Distilleries, Dock makers, Engine rebuilders (to the extent the engine is totally rebuilt; does not include repairs), Film developers, Foundries, Jewellers (does not include jewellery repairs), Label producers, Meat processors, Monument makers, Musical instrument makers, Opticians (to the extent they grind lenses), Photographers (to the extent they produce goods), Picture framers (to the extent they build frames), Potters, Printers, Pulp and paper mills, Refineries, Sawmills, Screen print makers, Sculptors, Sign makers, Tire retreaders, and Wholesale food producers (e.g. bakeries).

You may also want to review the following Bulletins, which provide more detailed information on this exemption:

- Bulletin PST 111 – Mining Industry
- Bulletin PST 112 – Logging Industry
- Bulletin PST 113 – Oil and Gas Industry – Producers and Processors
- Bulletin PST 114 – Oil and Gas Industry – Exploration, Discovery and Development
- Bulletin PST 115 – Oil and Gas Industry – Service Providers

Thanks Jeremy.

Please let us know if you have any further questions on this.

Matt Dell  
Senior Rulings Analyst  
Consumer Taxation Programs Branch  
Ministry of Finance  
250-387-2052  
[Matt.Dell@gov.bc.ca](mailto:Matt.Dell@gov.bc.ca)

---

**From:** Hewitt, Jeremy JTST:EX  
**Sent:** Monday, February 2, 2015 11:08 AM  
**To:** Foy, Anne FIN:EX  
**Subject:** PST Questions re: Petrochemical Sector

Hi Anne,

s.12

I have a couple of questions that I'm hoping you or your colleagues can answer.

3. Does the PST exemption on machinery and equipment apply to the petrochemical process? For example, the purchase of machinery to make methanol, ammonia, or gasoline from natural gas.
4. The Expert Panel on Tax Competitiveness, BCBC and others have called for a refundable tax credit for PST paid on machinery and equipment. It is my understanding that machinery and equipment is already exempt. Can you help clarify this?

Many thanks,

Jeremy

**Jeremy Hewitt** | Executive Project Director  
Major Investments Office  
Ministry of Jobs, Tourism and Skills Training  
Phone: (250) 356-7576  
email: [jeremy.hewitt@gov.bc.ca](mailto:jeremy.hewitt@gov.bc.ca)

## Cheetham, Patricia FIN:EX

---

**From:** Eggleston, Stephen D FIN:EX on behalf of CTBTaxQuestions FIN:EX  
**Sent:** Friday, February 6, 2015 10:27 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: LNG Motor Fuel and Carbon Taxes  
**Categories:** 999

Thank you for your reply and the additional information. This clarifies matters for us.

The natural gas, at the point of sale by s.17,s.21 is a "marketable product"

Unless your customer s.17,s.21 qualifies for one of the exemptions discussed on pages 3-4 of **Bulletin CT 001 - Natural Gas and Biomethane Sellers**, s.17,s.21 will be required to charge the carbon tax if the person to whom they are selling the natural gas is a "purchaser". Section 1 of the **Carbon Tax Act** defines this as:

"purchaser" means a person who, within British Columbia, buys or receives delivery of fuel

- (a) for the person's own use or for use by another person at the first person's expense, or
- (b) on behalf of or as an agent for a principal for use by the principal or by other persons at the expense of the principal;

Given the additional information provided, it would appear s.17,s.21 is not a "purchaser" for the purposes of the carbon tax, as it will be reselling the natural gas to s.17,s.21  
s.17,s.21

s.17,s.21; as a "vendor" (first seller after manufacture in the province), will be required to register as a Collector for the carbon tax, as discussed on page 2 of **Bulletin MFT-CT 001, Fuel Sellers**.

It is possible that your customer (and possibly your customer's customer) will qualify as a "wholesale dealer" (or "deputy collector"), as described on page 2 of **Bulletin MFT-CT 001, Fuel Sellers**. As such, they may qualify for exemption on their purchases. As discussed on page 2 of **Bulletin CT 001 - Natural Gas and Biomethane Sellers**:

You are a **wholesale dealer** if you sell natural gas in BC to someone other than a purchaser (e.g. another wholesale dealer or a retail dealer). To purchase natural gas in BC exempt of carbon tax for resale, give your supplier a completed **FIN 187 - Certificate of Exemption - Natural Gas Wholesale Dealer**.

The exemptions are discussed on page 3-4 of **Bulletin CT 001 - Natural Gas and Biomethane Sellers**.

Further, based on the additional information provided, it is possible that the sale of the LNG by s.17,s.21 may qualify for exemption from carbon tax as well, provided it meets one of the scenarios discussed on page 3-4 of **Bulletin CT 001 - Natural Gas and Biomethane Sellers**.

If you wish to discuss the details of registration and other requirements relating to the carbon tax or motor fuel tax, please contact [Fueltax@gov.bc.ca](mailto:Fueltax@gov.bc.ca)

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**  
**Sent:** Friday, January 30, 2015 2:39 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** RE: LNG Motor Fuel and Carbon Taxes

Thank you for your help.  
Please see my response to your question below.  
Perhaps this makes it a little more clear.

☺

**From:** CTBTaxQuestions FIN:EX [<mailto:CTBTaxQuestions@gov.bc.ca>]  
**Sent:** Friday, January 30, 2015 3:06 PM  
**To:** s.17,s.21  
**Subject:** FW: LNG Motor Fuel and Carbon Taxes

Thank you for your enquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [Provincial Sales Tax Act \(PSTA\)](#)
- [Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)
- [Provincial Sales Tax Regulation \(PSTR\)](#)

PST applies to retail sales and leases of tangible personal property (TPP – goods), to retail sales of software, and to retail sales of the following services: accommodation, legal services, related services and telecommunication services.

It is unknown what position in the supply chain your company occupies, and other details of the transactions and activities involved. As such, we can provide you with a general information only.  
s.17,s.21

As a general matter, natural gas is subject to the carbon tax **and the provincial sales tax** (PST – when sold at retail). The exception is that natural gas is subject to motor fuel tax (and carbon tax) when used in a stationary internal combustion engine, as provided for by **section 9 of the Motor Fuel Tax Act (MFTA)**. Please see **Bulletin CT 001 - Natural Gas and Biomethane Sellers**. In such cases, the users of the natural gas are required to self-assess the motor fuel tax due (carbon tax will be collected by the seller, or self-assessed if self-manufactured).

Goods purchased solely for resale may be purchased exempt from PST by providing the supplier with your PST vendor registration number (if registered) or a completed **FIN 490 -- Certificate of Exemption - General** (only if not registered and not required to be registered – e.g., persons making wholesale sales only).

With respect to the carbon tax, this must be collected by the first person to sell the fuel (including natural gas) after manufacture or bringing the fuel into the province. If you are purchasing natural gas from a producer for use (including in converting it to LNG), they would likely be required to charge you the carbon tax, unless a specific exemption applies. Certain sales of natural gas are not subject to the carbon tax, as discussed on pages 3-4 of **Bulletin CT 001 - Natural Gas and Biomethane Sellers**.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

... s.17,s.21

**From:** ...  
**Sent:** Friday, January 30, 2015 9:54 AM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** LNG Motor Fuel and Carbon Taxes

s.17,s.21



s.17,s.21

Thank you for your help.

Regards,

s.17,s.21

## **Cheetham, Patricia FIN:EX**

---

**From:** Eggleston, Stephen D FIN:EX on behalf of CTBTaxQuestions FIN:EX  
**Sent:** Friday, January 30, 2015 2:06 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: LNG Motor Fuel and Carbon Taxes  
  
**Categories:** 999

Thank you for your enquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [\*\*Provincial Sales Tax Act \(PSTA\)\*\*](#)
- [\*\*Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)\*\*](#)
- [\*\*Provincial Sales Tax Regulation \(PSTR\)\*\*](#)

PST applies to retail sales and leases of tangible personal property (TPP – goods), to retail sales of **software**, and to retail sales of the following services: **accommodation, legal services, related services** and **telecommunication services**.

It is unknown what position in the supply chain your company occupies, and other details of the transactions and activities involved. As such, we can provide you with general information only.

As a general matter, natural gas is subject to the carbon tax **and the provincial sales tax** (PST – when sold at retail). The exception is that natural gas is subject to motor fuel tax (and carbon tax) when used in a stationary internal combustion engine, as provided for by **section 9 of the Motor Fuel Tax Act (MFTA)**. Please see **Bulletin CT 001 - Natural Gas and Biomethane Sellers**. In such cases, the users of the natural gas are required to self-assess the motor fuel tax due (carbon tax will be collected by the seller, or self-assessed if self-manufactured).

Goods purchased solely for resale may be purchased exempt from PST by providing the supplier with your PST vendor registration number (if registered) or a completed **FIN 490 -- Certificate of Exemption - General** (only if not registered and not required to be registered – e.g., persons making wholesale sales only).

With respect to the carbon tax, this must be collected by the first person to sell the fuel (including natural gas) after manufacture or bringing the fuel into the province. If you are purchasing natural gas from a producer for use (including in converting it to LNG), they would likely be required to charge you the carbon tax, unless a specific exemption applies. Certain sales of natural gas are not subject to the carbon tax, as discussed on pages 3-4 of **Bulletin CT 001 - Natural Gas and Biomethane Sellers**.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Friday, January 30, 2015 9:54 AM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** LNG Motor Fuel and Carbon Taxes

s.17,s.21

Thank you for your help.

Regards,  
s.17,s.21

## Cheetham, Patricia FIN:EX

---

**From:** Eggleston, Stephen D FIN:EX  
**Sent:** Tuesday, January 6, 2015 10:47 AM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** TRIM: FW: e 17 e Sales Tax Rulings -- LNG returns  
**Attachments:** LNG Returns Ruling.pdf; 2013 Gas Return Ruling.pdf; Scan\_20150106.pdf

**Categories:** 999

LNG; refund; purchaser; carbon tax act; ICE levy; section 26.1; section 26; section 150;

---

**From:** Eggleston, Stephen D FIN:EX **On Behalf Of** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, January 6, 2015 10:40 AM  
**To:** s.17,s.21  
**Subject:** FW: e 17 e Sales Tax Rulings -- LNG returns

s.17,s.21

If we have misunderstood the nature of your concern, please advise.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Tuesday, January 6, 2015 9:07 AM  
**To:** Eggleston, Stephen D FIN:EX  
**Subject:** FW: s.17 s. Sales Tax Rulings -- LNG returns

---

**From:** s.17,s.21  
**Sent:** Tuesday, January 6, 2015 7:18 AM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** FW: s.17 s. Sales Tax Rulings -- LNG returns

Good morning Joel

s.17,s.21

Happy to discuss if you want to call.

Regards

**From:** CTBTaxQuestions FIN:EX [mailto:CTBTaxQuestions@gov.bc.ca]  
**Sent:** December-24-14 12:54 PM  
**To:** \s.17,s.21  
**Subject:** FW: € 17 € Sales Tax Rulings -- LNG returns

Thank you for your enquiry.

Please find attached our ruling in this matter.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, December 5, 2014 4:23 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** FW: € 17 € Sales Tax Rulings

Please find attached a number of ruling requests with instructions about how they would like the responses. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** \s.17,s.21  
**Sent:** Friday, December 5, 2014 10:58 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** € 17 € Sales Tax Rulings

Good morning Jordan

s.17,s.21

If you or the person(s) reviewing these requests have any questions, please contact me.

Regards

s.17,s.21

Page 324 to/à Page 327

Withheld pursuant to/removed as

s.21;s.17



s.17,s.21

---

**Subject:** FW: Refund of Carbon Tax - s.17.s.

---

-----Original Message-----

From: Gargaran, Marichu FIN:EX [mailto:Marichu.Gargaran@gov.bc.ca]

Sent: Tuesday, November 5, 2013 3:19 PM

To: s.17,s.21

Subject: RE: Application for Refund of Carbon Tax - s 17 s

Hi s

As discussed earlier, s.17,s.21 will issue the credit of carbon tax to s 17 s in respect to the natural gas returned. s.17,s.21 collect and remit the carbon tax to the Ministry when the returned natural gas is sold to the end consumer.

This is to confirm that the volume of natural gas returned s.17,s.21 can be included on Line 1 of the monthly carbon tax return (FIN106) when the credit note is issued to s 17 s 2

Please let me know if you have any further questions or require more information.

Regards,

Marichu

---

-----Original Message-----

From: s.17,s.21

Sent: Tuesday, November 5, 2013 9:15 AM

To: Gargaran, Marichu FIN:EX; s.17,s.21

Subject: Application for Refund of Carbon Tax - s 17 s

Hi Marichu - It was nice to speak with you earlier this morning.

s.17,s.21

Please confirm you are agreement with this approach.

I thank you in advance for you earliest response on this matter.

Page 329

Withheld pursuant to/removed as

s.21;s.17

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Friday, May 9, 2014 11:51 AM  
**To:** s.17,s.21  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** TRIM: RE: s.17,s.21 - Production Machinery & Equipment Ruling Request  
**Attachments:** s.17,s.21 LNG and PM&E Final.pdf  
**Categories:** 10

Thank you for your inquiry.

Please find our response to your ruling request in the attached letter.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Thursday, December 12, 2013 7:59 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** FW: s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan:

Can you please use the above attached documents rather than the ones that I attached yesterday.

Thanks

s.1

---

**From:** s.17,s.21  
**Sent:** December-11-13 5:24 PM  
**To:** 'Jordan.Goss@gov.bc.ca'  
**Subject:** s.17,s.21 - Production Machinery & Equipment Ruling Request

Hi Jordan:

Further to our discussion last month, please find attached a BC Provincial Sales Tax Act ruling request (with related attachments) with respect to the application of the production, machinery and equipment exemption to the LNG facility s.17 s.17,s.21

We would also appreciate the opportunity to discuss the ruling request with you or your staff before the final ruling is issued.

We will also courier a copy of the ruling request to you on Thursday.

Regards

s.17,s.21

Page 332

Withheld pursuant to/removed as

s.21;s.17

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, April 3, 2014 9:52 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: BC Tax Application Ruling - CNG/LNG - € 17 €  
**Attachments:** 20140403094803.pdf  
  
**Categories:** 999

Please find attached, as requested, a letter with the requisite correction made.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, April 3, 2014 9:17 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - € 17 €

Thank you for your reply and request for clarification.

You are quite correct. The carbon tax on natural gas is 5.7 cents per cubic metre, not the 5.28 cents per cubic metre that was mistakenly referenced in the letter.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Thursday, April 3, 2014 7:20 AM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - € 17 €

Good morning Joel

Thank you for your response. s.17,s.21  
s.17,s.21

Regards  
s.17,s.21

**From:** CTBTaxQuestions FIN:EX [<mailto:CTBTaxQuestions@gov.bc.ca>]  
**Sent:** April-02-14 11:11 AM  
**To:** s.17,s.21  
**Subject:** FW: BC Tax Application Ruling - CNG/LNG - e 17 e

Please find attached our ruling in this matter.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** s.17,s.21  
**Sent:** Monday, November 25, 2013 1:48 PM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - e 17 e

Hi Jordan

s.17,s.21

Regards

s.17,s.21

---

**From:** Goss, Jordan T FIN:EX [<mailto:Jordan.Goss@gov.bc.ca>]  
**Sent:** November-25-13 9:47 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - € 17 €

Will do – thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

s.17,s.21  
**From:**  
**Sent:** Monday, November 25, 2013 9:43 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - € 17 €

Hi Jordan

Could advise whoever you have forwarded to hold for the time being. s.17,s.21  
s.17,s.21

Regards

s.17,s.21



**From:** Goss, Jordan T FIN:EX [mailto:Jordan.Goss@gov.bc.ca]  
**Sent:** November-22-13 8:49 AM  
**To:** s.17,s.21  
**Subject:** RE: BC Tax Application Ruling - CNG/LNG - € 17 €

Thanks s.17.

I will have rulings staff review and prepare a response.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** s.17,s.21  
**Sent:** Thursday, November 21, 2013 9:11 AM  
**To:** Goss, Jordan T FIN:EX  
**Subject:** BC Tax Application Ruling - CNG/LNG - € 17 €

Good morning Jordan

Enclosed please find a ruling request we have been asked to prepare s.17,s.21  
regarding the application of PST, ICE Levy, MFT and CT to the sale of CNG and LNG s.17,s.21  
s.17,s.21

Please contact me if you have any questions.

Regards

s.17,s.21

Page 337 to/à Page 340

Withheld pursuant to/removed as

s.21;s.17

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, May 8, 2014 9:39 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: BC Carbon Tax Registration Requirement  
**Attachments:** ATT00001.txt; ATT00002.htm  
  
**Categories:** 999

Thank you for your inquiry.

### 1) With respect to your first scenario:

As a general matter, please see **Notice 2008-020 (CT) - Notice to Natural Gas and Propane Sellers - Carbon Tax**.

Please note that natural gas, unlike most other fuels, is not subject to the security scheme established under the *Carbon Tax Act* (CTA).

You are required to collect carbon tax on **retail sales** of natural gas to **purchasers** in British Columbia (section 18 of the CTA), unless they are authorized to purchase without paying carbon tax at the time of sale, such as registered consumers.

B Corp is required to register if it is making retail sales of natural gas in BC. The sale in this scenario has taken place in BC. Therefore, B Corp is required to register. You have not indicated whether C Corp is an end user or is purchasing for further resale.

If you make retail sales of natural gas to end purchasers, you are required to apply to the ministry to be registered as a natural gas retail dealer under the CTA.

To apply for registration as a natural gas retail dealer, you need to complete and send in a **FIN 115 - Natural Gas Retail Dealer Application (CT)**.

You may purchase natural gas for resale without paying carbon tax by providing your supplier with your carbon tax registration number.

If you are selling natural gas to a wholesale dealer who does not have a carbon tax registration number, you will need to have the wholesaler dealer sign a **FIN 187 - Certificate of Exemption - Natural Gas Wholesale Dealer (CT)** certifying that they are purchasing the fuel for resale and they are not a retail dealer. You need to keep the signed certificate for your records to show why you did not collect carbon tax.

As noted above, under section 8 of the CTA, a purchaser of natural gas must pay the carbon tax on the fuel. However, there is an exemption under section 14(2)(c) of the CTA for fuel shipped outside British Columbia. To be exempt under section 14(2)(c), the fuel must be purchased for use outside British Columbia, and other conditions related to the delivery must be met. Whether C Corp qualifies for exemption on this basis would depend on whether they meet the requirements for it.

In any event, B Corp must retain documentation to verify the basis for an exempt sale.

**2) With respect to your second scenario:**

Same as above. A person who buys or receives delivery of fuel outside of the province is not a purchaser. If B Corp is not making retail sales of natural gas in BC, it is not required to register as a retail dealer.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**

**Sent:** Thursday, March 27, 2014 11:27 AM

**To:** FIN REV G CTB Carbon Tax FIN:EX

**Subject:** BC Carbon Tax Registration Requirement

**Importance:** High

Dear Sir/Ma:

I will like to confirm carbon tax registration requirement in the following circumstances:

- a. *B Corp. (non-resident of Canada) will purchase LNG in BC from A Corp. B Corp. will then resell the LNG to C Corp. C Corp. is a US entity that will export the fuel for use in the US.*
- a. *Since sale from A Corp. to B Corp. is exempt for resale and sale from B Corp. to C Corp. is exempt as sale for export, is B Corp. considered a retail dealer in BC for carbon tax purposes?*
- b. *Is B Corp. required to register for the carbon tax?*
  - i. *If yes, are there any security requirements?*
  - ii. *If no, is B Corp. subject to any compliance requirements?*
- b. *Similar to (a) above but instead of B Corp. selling the fuel to C Corp. in Canada, B Corp. will export the fuel from BC to the US, then resell the fuel to C Corp. in the US.*
- c. *Since sale from A Corp. to B Corp. is exempt as a purchase for export, is B Corp. required to register for the carbon tax?*
  - ii. *If yes, are there any security requirements?*
  - v. *If no, is B Corp. subject to any compliance requirements?*

Hope to hear back from you soon.

Regards,

s.17,s.21

Page 343 to/à Page 345

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Friday, May 2, 2014 9:20 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: PST Exemptions

**Categories:** 999

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- **[Provincial Sales Tax Act \(PSTA\)](#)**
- **[Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)**
- **[Provincial Sales Tax Regulation \(PSTR\)](#)**

PST applies to retail sales and leases of tangible personal property (TPP -- goods), software, related services, legal services, telecommunication services, and accommodation.

Please note that **FIN 462 -- Out-of-Province Delivery Exemption** is not a mandatory form. It is designed by the ministry to allow vendors to summarize out-of-province (OOP) delivery information so that this information may be easily located should the need arise. You are not required to summarize OOP delivery information on this form. It is purely optional. You must, however, retain all documentation necessary to substantiate the OOP delivery. If you wish to design your own form to summarize OOP delivery information you may do so.

Further, please note that the form is used only in cases where the seller is responsible for arranging the delivery of the goods to the OOP location (and, in which case, their customer qualifies for the exemption). If your customer takes possession of the goods in BC, or arranges for the delivery themselves (which you appear to suggest they do by stating "Each customer is using a common carrier for their delivery"), you must charge and collect PST on the sale, unless the customer is purchasing the goods for an exempt purpose, e.g., resale, and provides you with the required documentation (either their PST vendor registration number, if registered, or a completed **FIN 490 -- Certificate of Exemption - General** -- only if not registered and not required to be registered).

Finally, please note that the form is only relevant to sales covered by the PSTA. It seems quite likely that sales of LNG may be subject to the motor fuel tax and carbon tax. You may wish to provide us with additional information.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **["Subscribe To Receive Updates"](#)** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **[PST Bulletins and Notices](#)**. In addition, please see our **[Forms Page](#)** and **[Small Business Guide to PST](#)**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**

**Sent:** Tuesday, April 29, 2014 4:13 PM

**To:** CTBTaxQuestions FIN:EX

**Subject:** PST Exemptions

Hi Team,

In a conversation with Gladys (877-388-4440) from your department regarding the FIN 462 exemption form, she mentioned that we could use our own paperwork instead of the form as long as our paperwork has all of the required information that is found on the FIN462 form. Can you please confirm this?

This question is in regards to shipping liquefied natural gas (LNG) to Alberta, NWT and the Yukon. s.17,s.21  
s.17,s.21

Thank you,  
s.17,s.21

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, April 15, 2014 3:53 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: Question regarding "marketable product"

**Categories:** 999

Thank you for your inquiry.

Thank you for your reply and follow-up information/enquiry.

With respect to your second question, you are correct that the natural gas is a marketable product before being converted into LNG (as per the FAQ, it is marketable when it is "pipeline ready").

As such, there would not appear to be any circumstance in the scenario you present as a follow-up to your original first question that could satisfy the conditions required for a qualifying activity to occur at the LNG plant in conjunction with the non-qualifying activity of compressing the gas after the natural gas has entered the pipeline. The processing of the natural gas into a marketable product has occurred outside of the LNG plant and, therefore, cannot be considered an eligible activity taking place at the LNG plant.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

... s.17,s.21

**From:** ... s.17,s.21  
**Sent:** Tuesday, April 15, 2014 12:50 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** RE: Question regarding "marketable product"

Hello,  
s.17,s.21



s.17,s.21

s.17, ) as per the FAQ response below:

*The qualifying part of a processing plant ends at the point at which the natural gas being processed has become a marketable product. **Natural gas becomes a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines** (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). **Once the natural gas is a marketable product, any machinery and equipment used to process or further process that natural gas, including the equipment used to convert the gas into LNG, does not qualify for exemption.***

s.17,s.21

Thanks,  
s.17,s.21

**From:** CTBTaxQuestions FIN:EX [<mailto:CTBTaxQuestions@gov.bc.ca>]

**Sent:** Tuesday, April 15, 2014 11:33

**To:** s.17,s.21

**Subject:** FW: Question regarding "marketable product"

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [Provincial Sales Tax Act \(PSTA\)](#)
- [Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)
- [Provincial Sales Tax Regulation \(PSTR\)](#)

PST applies to retail sales and leases of tangible personal property (TPP), software, related services, legal services, telecommunication services, and accommodation.

Please see our FAQ's on natural gas at [Frequently Asked Questions](#) (bottom of the page).

Please note that we can address specific scenarios/fact patterns only, and not situations that are purely hypothetical. To address your first question, you would need to provide concrete examples of activities that are not a "non-qualifying" activity that might be combined with the compressing of the natural gas at the qualifying part of the processing plant for us to assess whether an exemption might be available in specific circumstances.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to ["Subscribe To Receive Updates"](#) which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of [PST Bulletins and Notices](#). In addition, please see our [Forms Page](#) and [Small Business Guide to PST](#).

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Tuesday, April 15, 2014 9:13 AM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** s.17,s.21  
**Subject:** Question regarding "marketable product"

Good morning,

Section 90 of the Provincial Sales Tax Exemption and Refund Regulation (PSTERR) and Bulletin PST 113 make it clear that the act of altering the state of natural gas (e.g. from gaseous state to a liquid state and vice versa) is a "non-qualifying activity" when carried out on its own S.17,s.21  
s.17,s.21

Section 95 of the PSTERR and Bulletin 113 are also clear in stating that the qualifying part of the processing plant or refinery is the part of the processing plant or refinery up until the natural gas becomes a "marketable product", which is defined as "a naturally occurring, refined or processed petroleum or natural gas that is available for sale for direct consumption as a domestic, commercial or industrial fuel or as an industrial raw material, or delivered to a storage facility".

s.17,s.21

s.17,s.21

Page 352

Withheld pursuant to/removed as

s.21;s.17

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, April 3, 2014 2:19 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: LNG Plants & PM&E exemption  
**Categories:** 999

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- **[Provincial Sales Tax Act \(PSTA\)](#)**
- **[Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)**
- **[Provincial Sales Tax Regulation \(PSTR\)](#)**

PST applies to retail sales and leases of tangible personal property (TPP), software, related services, legal services, telecommunication services, and accommodation.

Please see our Frequently Asked Questions and Answers at

**<http://www2.gov.bc.ca/gov/topic.page?id=CE70BF6CB8424CA9A38F1F6C33EE7E1D#LNG-PM&E>**

As indicated there, producers of LNG do not qualify for the production machinery and equipment exemption for manufacturers under section 92 of PSTERR.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **["Subscribe To Receive Updates"](#)** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **[PST Bulletins and Notices](#)**. In addition, please see our **[Forms Page](#)** and **[Small Business Guide to PST](#)**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
**[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)**

**From:** \_\_\_\_\_  
**Sent:** Sunday, March 30, 2014 3:02 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** LNG Plants & PM&E exemption

To whom it may concern

The purpose of this e-mail is to obtain some guidance on the application of BC PST to equipment to be purchased for the LNG plants that are being proposed to be built in BC.

A non-qualifying activity is defined to exclude

(i) cleaning, painting, staining, blending, combining, grading, grouping, mixing, packaging, re-packaging, sorting, storing, screening, cutting, drying or testing, or

(ii) transforming tangible personal property from a gas, liquid or solid state to another one of those states by means of a change in temperature or pressure.

unless those activities are combined with other activities that do qualify for the PM&E exemption.

It is my understanding that the natural gas fed into the LNG plant will be treated to remove water, hydrogen sulfide, carbon dioxide and other components that will freeze (e.g., benzene) under the low temperatures needed for storage or be destructive to the liquefaction facility. LNG typically contains more than 90 percent methane. It also contains small amounts of ethane, propane, butane, some heavier alkanes, and Nitrogen. The purification process can be designed to give almost 100 percent methane. One of the risks of LNG is a rapid phase transition explosion (RPT), which occurs when cold LNG comes into contact with water

In light of this, would the equipment used in the proposed LNG plants be eligible for the PM&E exemption or not? I am wondering whether the removal of some of the items from the natural gas in its gaseous form would allow the exemption on the basis that the process at the LNG plant involves more than simply changing its state.

s.17,s.21

## **Cheetham, Patricia FIN:EX**

---

**From:** Scott, Bob FIN:EX  
**Sent:** Friday, March 28, 2014 8:11 AM  
**To:** Donahoe, Gordon W FIN:EX  
**Cc:** Hughson, Hugh FIN:EX; Pavlic, Milan FIN:EX; CTBTaxQuestions FIN:EX  
**Subject:** TRIM: RE: CNG Exports

Hi Gord,  
s.17,s.21

### **Carbon Tax**

Carbon tax applies in the same manner as stated in the March 25<sup>th</sup> e-mail regardless of whether s.17,s.21 uses the natural gas in a natural gas furnace or a natural gas turbine generator.

### **Provincial Sales Tax**

As noted below, section 37 of the *Provincial Sales Tax Act* (PSTA) states that a purchaser of tangible personal property (TPP) in British Columbia must pay provincial sales tax (PST) on the TPP. Regardless of how the s.17,s.21 uses the natural gas it is still TPP. However, section 140 of the PSTA exempts "fuel" as defined in the *Motor Fuel Tax Act* (MFTA).

"Fuel" is defined in the MFTA as any gas or liquid for use for generating power by means of an internal combustion engine.

s.13,s.17,s.21

### **Motor Fuel Tax Act**

The MFTA imposes motor fuel tax (MFT) when a person purchases gasoline (section 4), coloured fuel (section 5), marine diesel (section 6), locomotive fuel (section 6), jet fuel (section 7), aviation fuel (section 8), motive fuel (section 10), alternative motor fuel (section 10.1), or propane (section 10.3).

s.13,s.17,s.21

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Bob Scott  
Policy and Legislation Analyst  
Consumer Taxation Programs Branch  
Ministry of Finance  
T: 250 387 7621

---

**From:** Scott, Bob FIN:EX  
**Sent:** Tuesday, March 25, 2014 10:24 AM  
**To:** Donahoe, Gordon W FIN:EX  
**Cc:** Pavlic, Milan FIN:EX; Hughson, Hugh FIN:EX; CTBTaxQuestions FIN:EX  
**Subject:** RE: CNG Exports

Hi Gord,

Here are our thoughts. Please let me know if you have any additional questions or concerns.

**Motor Fuel Tax**

s.13,s.21

**Carbon Tax**



**Provincial Sales Tax**

The natural gas is tangible personal property (TPP) for the purposes of the *Provincial Sales Tax Act* (PSTA).

s.13,s.17,s.21

To apply for a refund, s.17,s.21 must complete and submit an *Application for Refund – General* (FIN 355) available on our website at:  
[http://www.sbr.gov.bc.ca/documents\\_library/forms/0355FILL.pdf](http://www.sbr.gov.bc.ca/documents_library/forms/0355FILL.pdf)

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Bob Scott  
Policy and Legislation Analyst  
Consumer Taxation Programs Branch  
Ministry of Finance  
T: 250 387 7621

---

**From:** Donahoe, Gordon W FIN:EX  
**Sent:** Monday, March 24, 2014 3:55 PM  
**To:** Scott, Bob FIN:EX  
**Cc:** Pavlic, Milan FIN:EX; Hughson, Hugh FIN:EX  
**Subject:** CNG Exports

Bob, I had a call from s.17,s.21 asking about the application of tax to the following transactions. He said that he would like an answer today or early tomorrow so, on behalf of the taxpayer, I am asking on bended knee whether you can meet his expectations. The transactions, as I understand them, are as follows:

s.17,s.21

Could you review this from the perspective of the CTA, MFTA, and PST.

s.13,s.17,s.21

Thanks and I hope that I will owe you a cup of coffee.

Gordon Donahoe  
Supervisor  
Fuel and Carbon Tax Section  
tel (250) 387-0651  
fax (250) 387-5882  
<mailto:Gordon.Donahoe@gov.bc.ca>

**Warning:** *This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying, or other use by anyone else is strictly prohibited. If you have received this in error, please telephone or e-mail the sender immediately and delete the message.*

## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, January 22, 2014 12:24 PM  
**To:** s.17,s.21  
**Cc:** Goss, Jordan T FIN:EX s.17,s.21  
**Subject:** TRIM: RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG s.17,s.21  
**Attachments:**  
**Categories:** 10

Thank you for your inquiry.

Please find the response to your ruling request attached to this email.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
We would be very pleased to meet with you to discuss this application and provide any additional support as required.  
Thank you for your attention to this matter.

s.17,s.21

s.17,s.21

---

**From:** s.17,s.21

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** Paul.Flanagan@gov.bc.ca

**Cc:** s.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

Page 362

Withheld pursuant to/removed as

s.21;s.17

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, August 27, 2013 9:08 AM  
**To:** s.17,s.21  
**Subject:** TRIM: RE: carbon tax refund  
  
**Categories:** 12

Thank you for your inquiry. We apologize for the delay in responding. We are experiencing a high volume of requests.

Subsection 26 (1) of the Carbon Tax Regulation (CTR) provides a refund of carbon tax that has been paid on fuel that was not combusted when used in the following circumstances:

- (a) used as a raw material to manufacture anodes for use in an electrolytic process for smelting aluminum;
- (b) used as a reagent to separate out coal or ores of metal in an industrial floatation process;
- (c) used in pipeline pigging;
- (d) used in down-hole operations at a well site;
- (e) used to remove natural gas liquids or impurities in the processing of natural gas;
- (f) used as a refrigerant in a closed system in the processing of natural gas;
- (g) used as anti-freeze in a natural gas pipeline.

Use of fuel in testing is not a circumstance that is eligible for a refund of carbon tax under section 26 of the CTR.

For more information on refunds of carbon tax, please see Bulletin CT 002 - [Carbon Tax Refunds for Purchasers](#).

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Monday, June 17, 2013 4:26 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** carbon tax refund

Hi there  
s.17,s.21

Regards.  
s.17,s.21



## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, March 20, 2013 3:08 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: Alternative Fuel Tax Question

**Categories:** 999

Thank you for your inquiry. We apologize for the delay in responding. We are experiencing a high volume of requests.

Natural gas, when used as a fuel for a motor vehicle, is exempt from motor fuel tax. When used for other purposes, it is subject to motor fuel tax at different rates depending on the use. For more information, please see section 9 of the *Motor Fuel Tax Act* and **MFT-CT 005, Tax Rates on Fuels**.

Natural gas is subject to the carbon tax at the rate of 5.70¢ per cubic metre or \$1.4898 per gigajoule.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

... s.17,s.21

**From:**  
**Sent:** Monday, February 25, 2013 12:40 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** Alternative Fuel Tax Question

Hello,  
s.17,s.21

Thank you for your time,  
s.17,s.21



## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, December 24, 2014 1:01 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** TRIM: FW: FW: < 17 < Sales Tax Rulings -- LNG returns  
**Attachments:** LNG Returns Ruling.pdf; 2013 Gas Return Ruling.pdf; Scan\_20141219.pdf

**Categories:** 999

LNG; refund; purchaser; carbon tax act; ICE levy; section 26.1; section 26; section 150;

---

**From:** Eggleston, Stephen D FIN:EX **On Behalf Of** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, December 24, 2014 12:54 PM  
**To:** s.17,s.21  
**Subject:** rrv: < 17 < Sales Tax Rulings -- LNG returns

Thank you for your enquiry.

Please find attached our ruling in this matter.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** Goss, Jordan T FIN:EX  
**Sent:** Friday, December 5, 2014 4:23 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** FW: < 17 < Sales Tax Rulings

Please find attached a number of ruling requests with instructions about how they would like the responses. Thanks.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. [\(250\) 387-0611](tel:(250)387-0611)

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

**From:** s.17,s.21  
**Sent:** Friday, December 5, 2014 10:58 AM

**To:** Goss, Jordan T FIN:EX

**Subject:** e 17 e Sales Tax Rulings

Good morning Jordan

s.17,s.21

If you or the person(s) reviewing these requests have any questions, please contact me.

Regards

s.17,s.21

Page 369 to/à Page 372

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, November 13, 2014 9:37 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: BC PST Query  
**Categories:** 999

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- **[Provincial Sales Tax Act \(PSTA\)](#)**
- **[Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)**
- **[Provincial Sales Tax Regulation \(PSTR\)](#)**

PST applies to retail sales and leases of tangible personal property (TPP -- goods), to retail sales of **software**, and to retail sales of the following services: **accommodation**, **legal services**, **related services** and **telecommunication services**.

To address your questions, we need a lot more information about the type of "gas processing plant" you are constructing, and where the equipment in question will be located. Information that may be of use to you can be found in **[Bulletin PST 113, Oil and Gas Industry - Producers and Processors](#)**, **[Bulletin PST 114, Oil and Gas Industry - Exploration, Discovery and Development](#)** and **[Bulletin PST 115 - Oil and Gas Industry - Service Providers](#)**.

Please note that, as a general matter, LNG plants do not qualify for the exemption for production machinery and equipment. Please see the bottom of this webpage

**<http://www2.gov.bc.ca/gov/toplc.page?id=CE70BF6CB8424CA9A38F1F6C33EE7E1D>**

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **["Subscribe To Receive Updates"](#)** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **[PST Bulletins and Notices](#)**. In addition, please see our **[Forms Page](#)** and **[Small Business Guide to PST](#)**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** s.17,s.21

**Sent:** Wednesday, November 12, 2014 1:11 PM

**To:** CTBTaxQuestions FIN:EX

**Subject:** BC PST Query

s.17,s.21

Please advise if BC PST applies to the construction and procurement costs of this equipment. Thank you.

s.17,s.21

## Cheetham, Patricia FIN:EX

---

**From:** Smith, Darren M FIN:EX on behalf of CTBTaxQuestions FIN:EX  
**Sent:** Friday, December 19, 2014 12:47 PM  
**To:** s.17,s.21  
**Subject:** TRIM: RE: S.17,s.21 Tax questions regarding natural gas exported out of BC

**Categories:** 14

Thank you for your follow-up.

s.17,s.21

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff is available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

... s.17,s.21

**From:**  
**Sent:** Thursday, December 18, 2014 6:14 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** RE:s.17,s.21 - Tax questions regarding natural gas exported out of BC

s.17,s.21

Thank you,  
s.17,s.21



**From:** CTBTaxQuestions FIN:EX [mailto:CTBTaxQuestions@gov.bc.ca]

**Sent:** Wednesday, December 17, 2014 7:11 AM

**To** s.17,s.21

**Subject:** FW: s.17,s.21 - Tax questions regarding natural gas exported out of BC

Thank you for your inquiry.

#### **Provincial Sales Tax**

Under **subsection 37(3) of the PST Act**,  $\epsilon$  can purchase the natural gas without paying PST if it purchases the natural gas for resale and at or before the time of the purchase it provides s.17,s.21 with a fully completed **FIN 490 - Certificate of Exemption - General**.

#### **Innovative Clean Energy Fund tax**

The Innovative Clean Energy Fund tax is levied under **section 92 of the PST Act**. Under subsection 92(2),  $\epsilon$  can purchase the natural gas exempt from the ICE Fund tax using the same FIN 490 it submits to s.17,s.21 when it claims the goods-for-resale exemption allowed under subsection 37(3).

If  $\epsilon$  pays PST (including the ICE Fund tax) on a natural gas purchase that qualified for an exemption, it can apply to the Ministry of Finance for a refund, as explained in **Bulletin PST 400 - PST Refunds**.

#### **Carbon Tax**

Under **section 33 of the Carbon Tax Act**,  $\epsilon$  is exempt from paying carbon tax on its purchase of natural gas if  $\epsilon$  purchases the gas for resale. If  $\epsilon$  resells the natural gas to customers in s.17,s.21 it will qualify as a "wholesale dealer" because it will have purchased the gas for resale to a person other than a "purchaser". (To qualify as a "purchaser", a person must buy fuel in BC.) As a wholesale dealer,  $\epsilon$  can claim this exemption with a **FIN 187 - Certificate of Exemption as a Natural Gas Wholesale Dealer**.

As explained in **Bulletin CT 002 - Carbon Tax Refunds for Purchasers**, if s.17,s.21 charges  $\epsilon$  carbon tax on a purchase that qualified for an exemption,  $\epsilon$  can apply to the Ministry of Finance for a refund.

s.17,s.21 is not a "registered consumer". For information on businesses that can qualify as "registered consumers", please see **Bulletin MFT-CT 004 - Registered Consumers**.)

#### **Motor Fuel Tax**

Motor fuel tax (MFT) applies to natural gas under **section 9 of the Motor Fuel Tax Act**. MFT does not apply to natural gas until it is used in a stationary internal combustion engine, and the person who makes such use of natural gas must self-assess the MFT that applies. Therefore,  $\epsilon$  does not have to self-assess MFT on natural gas it purchases from  $\epsilon$  1 s.17,s.21 makes no use of the gas in BC in a stationary internal combustion engine. (The government of BC has no authority to impose MFT on natural gas used outside BC and not in BC.)

#### **Other tax forms**

This service provides information on consumer taxes administered by the province of BC. For information on exemptions from the federal GST, please contact the Canada Revenue Agency at 1-800-959-5525 or visit their **GST/HST rulings and interpretations webpage**.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff is available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** s.17,s.21  
**Sent:** Wednesday, December 10, 2014 5:51 PM  
**To:** FIN REV G CTB Carbon Tax FIN:EX; CTBTaxQuestions FIN:EX  
**Subject:** s.17,s.21 - Tax questions regarding natural gas exported out of BC

s.17,s.21

Page 378

Withheld pursuant to/removed as

s.21;s.17

## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, September 11, 2014 9:14 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: PST with respect to LNG question  
**Attachments:** s.17,s.21

**Importance:** High

**Categories:** 999

Thank you for your inquiry.

Liquified natural gas **is natural gas** for the purposes of the **Provincial Sales Tax Act (PSTA)** and **Motor Fuel Tax Act (MFTA)**. There is not any separate treatment of CNG or LNG for the purposes of these Acts.

All of the LNG used by the producer in the production process is subject to either PST or MFT (plus the carbon tax) depending on use.

Natural gas used as a "fuel" as defined by section 1 of the MFTA is subject to MFT:

"fuel" means

- (a) any gas or liquid, including biofuel, for use for generating power by means of an internal combustion engine,
- (b) hydrogen for use in a fuel cell vehicle, or
- (c) propane for any use

MFT is not (generally) collected by suppliers of natural gas. There is an exemption, under **section 51.2 of the MFTA Regulation**, for natural gas (as a Category 1 Alternative motor fuel, as defined by section 51.1 of the MFTA Regulation) used to propel a motor vehicle on land (excludes, e.g., vessels and locomotives). In cases where the exemption does not apply, as in the cases of use in stationary internal combustion engines (e.g., compressors, turbine generators), purchasers are required to self-assess the MFT due under **section 9 of the MFTA**.

As discussed on page 8 of **Bulletin MFT-CT 005, Tax Rates on Fuels**:

### **Natural Gas**

Natural gas for use in an internal combustion engine (except when it is for use in a locomotive) is not subject to motor fuel tax at the time of purchase or import. **However, motor fuel tax must be self-assessed on natural gas used in a stationary internal combustion engine.** For more information, including the tax rates, see Natural Gas Used in Stationary Engines below.

The rates that apply depend on what the stationary internal combustion engine is used for and where it is located (please see the table on pages 10-11 of **Bulletin MFT-CT 005, Tax Rates on Fuels**).

For information on self-assessing the MFT due, please see **Bulletin MFT-CT 006 - Self-Assessing Motor Fuel and Carbon Tax**.

If the natural gas is used for a non-"fuel" purpose (as per "fuel" as defined by the MFTA), such as to provide heating, then PST and the ICE Fund Tax apply.

As a practical matter, the supplier of the natural gas should be charging you 7% PST (plus the ICE Levy) on all of your purchases of natural gas for own use. There is likely no basis for an exemption on your purchases. You are obligated to pay this amount.

However, PST and MFT are not payable on the same fuel (or substance that would be a fuel under the MFTA, but for not being used in an internal combustion engine).

To self-assess and pay the MFT due on the purchases of fuel used to power internal combustion engines, please use **FIN 451 - Natural Gas Consumed by Internal Combustion Engines Motor Fuel Tax Return (MFT)**. As you will note, line 14 of the form allows you to offset your MFT liability by the amount of PST paid on natural gas used in a stationary internal combustion engine. This may result in a balance owing or result in a refund owing to you, once the total of the two taxes paid or owing is netted out.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

From: s.17,s.21  
Sent: Wednesday, September 10, 2014 3:43 PM  
To: CTBTaxQuestions FIN:EX  
Subject: PST with respect to LNG question  
Importance: High

Hello,  
s.17,s.21

s.17,s.21

Thank you,  
s.17,s.21

## Cheetham, Patricia FIN:EX

---

**From:** Dell, Matt FIN:EX  
**Sent:** Monday, November 3, 2014 4:01 PM  
**To:** s.17,s.21  
**Cc:** Hughson, Hugh FIN:EX  
**Subject:** TRIM: RE: LNG - Sales Tax; Fuel Tax (S.17,s.21)

**Categories:** 28

Dear s.1

Thank you for your email addressed to Hugh Hughson of October 21, 2014. Your inquiry has been forwarded to the Rulings and Interpretation Team in the Consumer Taxation Programs Branch for response.

We have provided information on the current status of the provincial sales tax (PST), motor fuel tax (MFT), and carbon tax (CT), and have also included information on the application of PST to liquid natural gas (LNG) facilities. If you have further questions on this information, please let us know.

### Motor Fuel and Carbon Tax

There are no scheduled changes to the *Motor Fuel Tax Act* or the *Carbon Tax Act* at this time.

For information on how these the MFTA and CTA apply to natural gas and LNG, please see [Bulletin MFT-CT 001 – Fuel Sellers](#), and [Bulletin CT 001 – Natural Gas and Biomethane Sellers](#).

### Provincial Sales Tax

There are no scheduled changes to the *Provincial Sales Tax Act* in relation to LNG facilities at this time.

### PST and LNG Facilities

Information on the application of PST to LNG facilities can be found at the bottom of our [FAQ webpage](#).

As confirmed on the FAQ page, the PM&E exemption for manufacturing does not apply to LNG production.

To qualify for exemption, machinery and equipment used in the processing of natural gas, including the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or “qualifying part” of the processing plant. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas is a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, machinery and equipment used to process that natural gas does not qualify for exemption. Feedstock natural gas used in the production of LNG is a marketable product. As a result, the machinery and equipment obtained for use in the production of LNG does not fall within “qualifying part” of the processing plant and is not eligible for exemption under section 95 of the PSTERR.

For more information on the PM&E exemptions, please see [Bulletin PST 110 – Production Machinery and Equipment](#).

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to "[Subscribe To Receive Updates](#)" which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration, and collecting and remitting the PST, can be found in a new series of [PST Bulletins and Notices](#). Please also see the [Small Business Guide to PST](#) and our [Forms Page](#).

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**  
**Sent:** Tuesday, October 21, 2014 2:25 PM  
**To:** Hughson, Hugh FIN:EX  
**Subject:** LNG - Sales Tax; Fuel Tax

I am just reading about the LNG Income Tax changes. I have not seen any mention of Sales Tax or Fuel Tax or Carbon Tax - is this correct there are no changes to those taxes with this project?

s.17,s.21



Page 384

Withheld pursuant to/removed as

s.21;s.17

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, September 10, 2014 1:21 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: Tax on LNG Purchases  
**Categories:** 999

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- **[Provincial Sales Tax Act \(PSTA\)](#)**
- **[Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)**
- **[Provincial Sales Tax Regulation \(PSTR\)](#)**

PST applies to retail sales and leases of tangible personal property (TPP – goods), software, related services, legal services, telecommunication services, and accommodation, unless a specific exemption applies.

### **First, in terms of background:**

- Liquefied natural gas **is natural gas** for the purposes of the PSTA and **[Motor Fuel Tax Act \(MFTA\)](#)**. There is not any separate treatment of CNG or LNG for the purposes of these Acts.
- The natural gas to be used in motor vehicles will qualify as a "fuel" as defined under section 1 of the MFTA, as it is for use in an internal combustion engine. As such, the PSTA and ICE Fund Tax are not applicable, as "fuel" – as defined by the MFTA – is not subject to tax under the PSTA (section 140).
- Please note that we cannot provide advice on the application of the Harmonized Sales Tax (HST)/Goods and Services Tax (GST), as that is a federal sales tax. The CRA is responsible for administering the GST. For questions concerning the application of the GST, please visit the CRA's dedicated GST/HST web pages at **<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html>** or call the CRA at 1-800-959-5525.

MFT does not apply to the purchase of natural gas at the point of sale. There is an exemption, under **[section 51.2 of the MFTA Regulation](#)**, for natural gas (as a Category 1 Alternative motor fuel, as defined by section 51.1 of the MFTA Regulation) used to propel a motor vehicle on land (excludes, e.g., vessels and locomotives). In cases where the exemption does not apply, purchasers are required to self-assess the MFT due under **[section 9 of the MFTA](#)**.

As for the carbon tax, it applies to all sales of fuel, unless a specific exemption applies. As indicated on page 11 of **[Bulletin MFT-CT 001, Fuel Sellers](#)**:

You are not required to collect carbon tax on sales to an end purchaser if:

- at the time of sale, the end purchaser has entered into a contract with a common carrier to export the fuel from BC for their own use outside BC,

As such, depending on the contractual arrangements that you have made for the shipment of the fuel, you may be eligible for a point-of-sale exemption if you are the end user of the natural gas, subject to the documentation requirements discussed on page 12 of **Bulletin MFT-CT 001, Fuel Sellers**. If you do not meet the criteria for exemption, you must pay CT on the purchase of the natural gas.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** s.17,s.21  
**Sent:** Wednesday, September 10, 2014 9:02 AM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** Tax on LNG Purchases

s.17,s.21

Thanks,  
s.17,s.21

## **Cheetham, Patricia FIN:EX**

---

**From:** Dell, Matt FIN:EX on behalf of CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, September 9, 2014 2:08 PM  
**To:** s.17,s.21  
**Subject:** TRIM: RE: Urgent - PST on equipment s.17,s.21 in BC  
**Categories:** 28

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [\*\*Provincial Sales Tax Act \(PSTA\)\*\*](#)
- [\*\*Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)\*\*](#)
- [\*\*Provincial Sales Tax Regulation \(PSTR\)\*\*](#)

PST applies to retail sales and leases of tangible personal property (TPP), software, related services, legal services, telecommunication services, and accommodation.

Please see our FAQ's on natural gas at [\*\*Frequently Asked Questions\*\*](#) (bottom of the page).

### **Short Answer**

As described in the FAQs above, liquefied natural gas (LNG) facilities do not qualify for the production machinery and equipment exemption under the PSTA.

### **Liquefied Natural Gas**

s.17,s.21

### **Legislation and Analysis**

Oil and gas producers are defined in the PSTERR to include persons that extract or process petroleum or natural gas. Qualifying oil and gas producers may make exempt purchases of qualifying machinery and equipment in accordance with section 95 ("Extraction or processing of petroleum or natural gas") of the PSTERR.

Qualifying manufacturers may make exempt purchases in accordance with section 92 ("Manufacturing") of the PSTERR.

Although the definition of manufacturing includes processing, it does not include the processing of natural gas. Had the intention been for manufacturing to include natural gas processing, the distinct PM&E provision for oil and gas producers (section 95) would be unnecessary.

Therefore, oil and gas producers are not eligible to purchase machinery and equipment used to process natural gas exempt from PST under section 92 of the PSTERR, including machinery and equipment used in the conversion of natural gas to LNG or the production of heavies from natural gas. This is because machinery and equipment used in the processing of natural gas may only qualify for exemption under section 95 of the PSTERR.

To qualify for exemption, machinery and equipment used in the processing of natural gas, including the conversion of natural gas to LNG, must meet the conditions set out in section 95 of the PSTERR.

These conditions include the requirement that the machinery and equipment be obtained for use primarily at the well site or "qualifying part" of the processing plant. The qualifying part of the processing plant ends at the point at which the natural gas being processed has become a marketable product. Natural gas is a marketable product when it is pipeline quality, meaning it meets the content specifications required by pipeline operators to enter transmission pipelines (e.g. high pressure intra and inter-provincial transmission pipelines transporting natural gas to distribution centres). Once the natural gas is a marketable product, machinery and equipment used to process that natural gas does not qualify for exemption.

It is our understanding that the feedstock natural gas used in the production of LNG and of heavies, is a marketable product. As a result, the machinery and equipment obtained for use in the production of LNG and heavies does not fall within "qualifying part" of the processing plant and is not eligible for exemption under section 95 of the PSTERR.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to "Subscribe To Receive Updates" which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of PST Bulletins and Notices. In addition, please see our Forms Page and Small Business Guide to PST.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21  
**From:**  
**Sent:** Friday, August 22, 2014 9:31 AM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** s.17,s.21  
**Subject:** Urgent - PST on equipment s.17,s.21 in BC

Dear Sirs,  
s.17,s.21

## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, August 28, 2014 2:07 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: Liquefied Natural Gas

**Categories:** 999

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [\*\*Provincial Sales Tax Act \(PSTA\)\*\*](#)
- [\*\*Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)\*\*](#)
- [\*\*Provincial Sales Tax Regulation \(PSTR\)\*\*](#)

PST applies to retail sales and leases of tangible personal property (TPP – goods), software, related services, legal services, telecommunication services, and accommodation, unless a specific exemption applies.

As a general matter, please see [\*\*Bulletin MFT-CT 001, Fuel Sellers\*\*](#) and [\*\*Bulletin CT 001 - Natural Gas and Biomethane Sellers\*\*](#).

To address your questions, we need additional information:

s.17,s.21

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to [\*\*"Subscribe To Receive Updates"\*\*](#) which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of [\*\*PST Bulletins and Notices\*\*](#). In addition, please see our [\*\*Forms Page\*\*](#) and [\*\*Small Business Guide to PST\*\*](#).

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**

**Sent:** Thursday, August 28, 2014 1:31 PM

**To:** CTBTaxQuestions FIN:EX

**Subject:** Liquefied Natural Gas

Dear Sir, Madam,

s.17,s.21

Any guidance or reference material would be very appreciated.

Thank you and best regards

s.17,s.21



**Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, September 9, 2014 10:18 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: LNG transport fuel - subject to PST or fuel tax?

**Categories:** 999

Thank you for your inquiry.

Liquefied natural gas qualifies as natural gas, as defined by section 1 of the **Motor Fuel Tax Act** (MFTA), and is taxable as such at the applicable rates if it is used as a "fuel".

However, **section 51.2 of the Motor Fuel Tax Regulation** (MFTR) provides an exemption for natural gas (as a "Category 1 alternative motor fuel", as defined by section 51.1 of the MFTR) when used to propel a **motor vehicle**. Section 1 of the MFTA defines "motor vehicle" as "a vehicle that is designed to be self propelled on land". This excludes, e.g., vessels and locomotives.

Section 140 of the **Provincial Sales Tax Act (PSTA)** provides an exemption for

**Exemption in relation to fuel**

**140** Fuel, as defined in the *Motor Fuel Tax Act*, is exempt from tax imposed under Divisions 2 to 10 and 12 of Part 3 of this Act.

As natural gas used in an internal combustion engine is a "fuel" as defined by **section 1 of the MFTA**, it is not subject to PST.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Thursday, September 4, 2014 1:29 PM  
**To:** FIN REV CTB Fuel Tax FIN:EX  
**Subject:** LNG transport fuel - subject to PST or fuel tax?

Hi there,

s.17,s.21

Thank you,

Page 393

Withheld pursuant to/removed as

s.21;s.17

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, July 29, 2014 11:35 AM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: Carbon tax

**Categories:** 999

Thank you for your inquiry.

The carbon tax is a broad based tax that applies to the purchase or use of fuels, such as gasoline, diesel, natural gas, heating oil, propane and coal, and the use of combustibles, such as peat and tires, when used to produce heat or energy. Carbon tax applies to fuels used in an internal combustion engine (and subject to the motor fuel tax), as well as fuels and other substances not used in internal combustion engines and to combustibles (tires and peat) used to produce energy or heat. Carbon tax applies to fuels at different rates depending on their anticipated carbon emissions and the rate for each fuel type is applied consistently throughout BC. These rates are provided in the Table to **Schedule 1 of the Carbon Tax Act (CTA)**.

Depending on the circumstances, some fuels are not subject to, or may be exempt from, carbon tax. In these cases, either carbon tax will not be charged, or if charged, the purchaser may apply for a refund of the carbon tax paid. If you are using fuels, as defined by the CTA on which tax has not been paid, you are required to self-assess based on the tax rates provided in Schedule 1 of the CTA, unless an exemption applies.

#### **Exemption for non-energy uses of fuel**

**17 (1)** Fuel that is not combusted when used in any of the following circumstances is exempt from tax imposed under section 11 of the Act:

- (a) used as raw material to manufacture anodes for use in an electrolytic process for smelting aluminum;
- (b) used as a reagent to separate out coal or ores of metal in an industrial floatation process;
- (c) used in pipeline pigging;
- (d) used in down-hole operations at a well site;
- (e) used to remove natural gas liquids or impurities in the processing of natural gas;
- (f) used as a refrigerant in a closed system in the processing of natural gas;
- (g) used as anti-freeze in a natural gas pipeline.

If **purchasing** fuel for one of the above purposes, you may apply for registration as a registered consumer, as discussed on page 3 of **Bulletin MFT-CT 004 - Registered Consumers**.

"Use" is a fundamental concept for imposing tax under all the taxing provisions of the CTA. Section 8 requires a "purchaser" to pay tax on fuel. Section 8 is dependent on "use" because "purchaser" is defined in section 1 as a person who, within British Columbia, buys or receives delivery of fuel for the person's own "use". Section 9 *Imposition of tax on transfer of fuel*, section 10 *Imposition of tax on fuel brought into British Columbia* and section 11 *Imposition of tax on use of fuel* all similarly hinge on the concept of "use". In those sections, the tax only applies if the fuel is "used".

"Use", as defined by section 1 of the CTA, is a broadly defined term. "Use" includes flaring and incineration of natural gas or refinery gas, and a prescribed type of activity in circumstances, if any, that are prescribed. Although this definition does not preclude other activities from being considered a "use", the Ministry does not consider venting of waste gas (or fugitive emissions) to be "use". Accordingly, this activity is not taxable under section 11 of the CTA, subject to the qualification below.

Venting is only non-taxable when the natural gas is not employed in some other way first. For example, "use" includes employing pressurized gas to operate an injection pump which is then vented into the atmosphere. In this situation, the natural gas that operates the pumps is "used" under the CTA even though the gas is later vented during the operation. This application of "use" is consistent with the general intent of the CTA which is to tax emissions from the "use" of natural gas by end consumers; other than emissions that are considered to be fugitive or process emissions under Canada's *National Inventory Report*.

When natural gas is flared or incinerated at a wellhead or in a processing facility, you must self-assess and remit carbon tax on the total volume of natural gas, including the acid gas that is contained in the natural gas. To self-assess the carbon tax, the processing facility is required to complete and submit a **FIN 112 - Self Assessors Carbon Tax Return**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From**  
**Sent:** Monday, July 28, 2014 12:36 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** Carbon tax

Good afternoon,  
s.17,s.21

Thank you,  
s.17,s.21

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, July 22, 2014 3:26 PM  
**To:** s.17,s.21  
**Subject:** TRIM: FW: For CTB mail box

**Categories:** 999

Thank you for your inquiry.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [\*\*Provincial Sales Tax Act \(PSTA\)\*\*](#)
- [\*\*Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)\*\*](#)
- [\*\*Provincial Sales Tax Regulation \(PSTR\)\*\*](#)

PST applies to retail sales and leases of tangible personal property (TPP -- goods), software, related services, legal services, telecommunication services, and accommodation.

Based on the limited information provided, we can advise that transmission lines to distribute the electricity generated to your customers does not qualify for exemption.

The exemption for production machinery and equipment extends to equipment and machinery used within the qualifying part of the manufacturing site only. The parameters of the manufacturing site are discussed on page 6 of **Bulletin PST 110, Production Machinery and Equipment**. Any equipment used for offsite distribution does not qualify for exemption.

If you qualify as a manufacturer, you may obtain qualifying PM&E exempt from PST provided the PM&E is for use in BC:

- primarily (more than 50%) and directly in the manufacture of qualifying goods and
- primarily (more than 50%) at a qualifying part of the manufacturing site.

Manufacturers of electricity qualify for the PM&E exemption. The machinery and equipment will qualify for the PM&E exemption if the equipment is used primarily and directly in the transmission or distribution of qualifying goods (electricity) at a manufacturing site where electricity is generated, up to the point the electricity is first stored or placed on a conveyance for removal from the qualifying part of the manufacturing site..

The qualifying part of the manufacturing site for electricity manufacturers ends at the step up transformer that prepares the electricity for entry into a high voltage transmission line. At this point the electricity is placed on a conveyance (a means of transportation) for removal from the manufacturing site and the manufacture of the electricity is considered complete; the electricity is a finished product. This would exclude not only transmission/distribution lines outside of the manufacturing site, but "switchyard" equipment as well.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to "**Subscribe To Receive Updates**" which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Tuesday, July 22, 2014 1:12 PM  
**To:** CTBTaxQuestions FIN:EX  
s.17,s.21

Thank you very much.

s.17,s.21

---

**From:** Anholt, Jim MIT:EX [<mailto:Jim.Anholt@gov.bc.ca>]  
**Sent:** Tuesday, July 22, 2014 1:43 PM  
**To:** s.17,s.21  
**Subject:** FW: For CTB mail box [\*EXTERNAL\*]

FYI

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Tuesday, July 22, 2014 10:41 AM  
**To:** Anholt, Jim MIT:EX  
**Subject:** FW: For CTB mail box

Hi Jim,

If the client has additional questions, they might better be sent directly to us at [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca) as the nature of the enquiry is likely to be too complex to be confidently addressed over the phone and is probably best addressed with a written ruling from us.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** Anholt, Jim MIT:EX  
**Sent:** Friday, July 18, 2014 3:49 PM  
**To:** CTBTaxQuestions FIN:EX  
**Cc:** Foy, Anne FIN:EX; Fairbairn, Joel FIN:EX  
**Subject:** RE: For CTB mail box

Thank you for your informative and timely response. As suggested, should the client require greater detail or clarification, I will suggest that they speak to MoF staff directly at the enquiry number listed below.

Very much appreciated. Jim

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Friday, July 18, 2014 3:30 PM  
**To:** Anholt, Jim MIT:EX  
**Subject:** FW: For CTB mail box

Thank you for your inquiry.

Your ruling request has been forwarded to us for response.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [Provincial Sales Tax Act \(PSTA\)](#)
- [Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)
- [Provincial Sales Tax Regulation \(PSTR\)](#)

PST applies to retail sales and leases of tangible personal property (TPP – goods), software, related services, legal services, telecommunication services, and accommodation.

s.17,s.21



As a general matter, please see **Bulletin PST 110, Production Machinery and Equipment**. Manufacturers of goods may be eligible for the PME exemption.

Electricity is TPP. Therefore, if you qualify as a manufacturer of electricity you may be eligible for the PME exemption on your purchase of qualifying machinery and equipment.

Whether equipment purchased qualifies for the exemption for PME depends on whether:

- You meet the qualifying threshold of manufacturing/production (\$30,000/year for sale and/or own business use);
- The equipment is used over 50% of the time in a qualifying manufacturing activity; and
- this over 50% use is at the qualifying part of the manufacturing site.

Further, as discussed on pages 15-16 of the bulletin:

### **Manufacturers**

Manufacturers qualify for the PM&E exemption for electrical machinery and equipment if:

- the electrical machinery and equipment are obtained by a manufacturer of qualifying goods other than electricity,
- the electrical machinery and equipment are for use in BC substantially in the transmission or distribution of electricity at or to the qualifying part of the manufacturing site,
- the electrical machinery and equipment are to be situated at a manufacturing site, and
- the electricity is for use primarily and integrally in the manufacture of qualifying goods (e.g. electroplating or electrolysis), or
- primarily to power PM&E that is exempt under the PM&E exemptions for:
  - manufacturers
  - pollution control
  - waste management
  - transmission or distribution of goods or software
  - PM&E used to operate, control or monitor exempt PM&E

**Please note:** Eligible manufacturers of electricity may also qualify for the PM&E exemption for manufacturers, and may obtain PM&E, such as transformers and equipment designed for use with transformers, exempt from PST, provided that the PM&E is used primarily and directly in the manufacture of electricity within the qualifying part of a manufacturing site.

### **Electricity Used Primarily for a Non-Qualifying Purpose**

If 50% or more of the electricity is used for a purpose other than the above purposes, such as the general use of a building, the transformer or other equipment for use and used with transformers is not eligible for the PM&E exemption.

With respect to oil and gas producers, please see **Bulletin PST 113, Oil and Gas Industry - Producers and Processors**. As discussed on page 7:

Oil and gas producers qualify for the PM&E exemption for electrical machinery and equipment if:

- the electrical machinery and equipment are obtained by an oil and gas producer for use in BC substantially in the transmission or distribution of electricity at or to the well site or the qualifying part of the processing plant or refinery,
- the electrical machinery and equipment are to be situated at the well site, processing plant or refinery, and
- the electricity is for use:
  - primarily and integrally in the extraction or processing of qualifying petroleum or natural gas, or
  - primarily to power PM&E that is exempt under the PM&E exemptions for:
    - o extraction or processing of qualifying petroleum or natural gas,
    - o pollution control,
    - o waste management,
    - o transmission or distribution of goods or software, or
    - o PM&E used to operate, control or monitor exempt PM&E.

You may purchase qualifying equipment exempt of PST by providing your supplier with a completed **FIN 492 - Certificate of Exemption - Production Machinery and Equipment**.

Please note, however, that the PM&E exemption for manufacturing does not apply to LNG production. Once the natural gas is a marketable product ("pipeline quality"), any machinery and equipment used to process or further process that natural gas, including the equipment used to convert the gas into LNG, does not qualify for exemption. More information is available at our **LNG FAQ's**.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. In addition, please see our **Forms Page** and **Small Business Guide to PST**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** Fairbairn, Joel FIN:EX  
**Sent:** Monday, July 14, 2014 2:26 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** FW: For CTB mail box

---

**From:** Foy, Anne FIN:EX  
**Sent:** Monday, July 14, 2014 2:06 PM  
**To:** Fairbairn, Joel FIN:EX  
**Subject:** For CTB mail box

Hi Joel,

I have advised Jim that his email has been forwarded to the mailbox for reply.

I have also given him both the mailbox email address and phone number and recommended that he tell his clients to use them rather than be the go between.

I have also told him at a very high level that yes, manufacturing electricity for resale would be manufacturing for the purposes of the PM&E so M&E used primarily and directly to produce electricity would qualify for PST exemption if all other conditions are met.

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

---

**From:** Minishka, Bridget L FIN:EX  
**Sent:** Monday, July 14, 2014 1:56 PM  
**To:** Foy, Anne FIN:EX  
**Subject:** FW: Enquiry; contact

Just got this. I think it likely should go to the mailbox?

Did you want to reply?

---

**From:** Anholt, Jim MIT:EX  
**Sent:** Monday, July 14, 2014 1:55 PM  
**To:** Minishka, Bridget L FIN:EX  
**Subject:** Enquiry; contact

Hi Bridget. Sorry for the long winded voicemail.

I'm working with a client that is compiling a business case to s.17,s.21  
s.17,s.21

The have sent me a question related to Provincial Sales tax. I was not aware that in some circumstances, LNG facilities could be exempted from PST. Presumably this is on the sale of LNG for export (?).

If this question is better posed elsewhere in your ministry, I would be grateful if you could point me in the right direction:  
s.17,s.21

Many thanks. Jim

Jim Anholt  
Developed Markets, International Investment  
Ministry of International Trade  
Tel: 604-775-2275 Fax: 604-660-6833  
Email: [Jim.Anholt@gov.bc.ca](mailto:Jim.Anholt@gov.bc.ca)  
Website: [www.britishcolumbia.ca/invest](http://www.britishcolumbia.ca/invest)

## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Monday, June 16, 2014 2:07 PM  
**To:** s.17,s.21  
**Subject:** TRIM: RE: Form for refund of PST paid on natural gas  
**Categories:** 28

Thank you for your inquiry.  
s.17,s.21

### **Carbon Tax**

For information on purchasing natural gas in British Columbia for export or resale, please see Notice 2008-02 - Notice to Natural Gas and Propane Sellers Carbon Tax

As confirmed on page 3 of Notice 2008-002, if you are purchasing natural gas that will be exported from B.C. and resold, you can purchase the natural gas exempt of carbon tax by providing the seller with a **FIN 187 - Certificate of Exemption - Natural Gas Wholesale Dealer (CT)** certifying that you are purchasing the fuel for resale and you are not a retail dealer. You must provide a new certificate for each purchase.

If you make retail sales of natural gas or propane to end purchasers in B.C., you are required to apply to the ministry to be registered as a natural gas or propane retail dealer under the *Carbon Tax Act*.

To apply for a refund on natural gas exported from B.C. for resale, please use a **FIN 143 - Deputy Collector or Retail Dealer, Carbon Tax Refund Application**

### **Provincial Sales Tax**

The natural gas is tangible personal property (TPP) for the purposes of the *Provincial Sales Tax Act* (PSTA), unless a specific exemption applies. There are two common exemptions that may apply in your scenario:

- 1) Goods purchased in British Columbia for the purpose of re-sale are not subject to PST. To purchase 'goods for resale' exempt of PST, the purchaser must provide the seller with their PST Registration number, or a completed FIN 490 – Certificate of Exemption (General PST).

s.17,s.21

- 2) A purchaser is exempt from PST if the goods are shipped by the seller for delivery outside British Columbia and no use is made of the TPP while it is in British Columbia other than storage of the TPP with the seller. Based on the information provided, the purchaser s.17,s.21 is responsible for shipping the goods out of British Columbia, so this exemption will not apply.

If you have paid PST where you were not required to pay it, the seller may refund or credit you the PST paid within 180 days of the date the PST was paid. Alternatively, you may apply for a refund from the ministry by using the form **FIN 355 - Application for Refund - General (PST)** and supplying the supporting documentation. Note that the refund claim must

be received by the ministry within four years of the date that you paid the PST. In addition, the ministry cannot issue refunds of less than \$10.00. Please see the instructions on form [FIN 355](#) as well as [Bulletin PST 400 - PST Refunds](#) for more information.

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to ["Subscribe To Receive Updates"](#) which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of [PST Bulletins and Notices](#). Please also see the ["Small Business Guide to PST"](#) and our [Forms Page](#).

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

s.17,s.21

**From:**  
**Sent:** Monday, June 16, 2014 10:51 AM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** RE: Form for refund of PST paid on natural gas

Hello,

s.17,s.21

n

Please let me know if you require anything else.

Thank you,

s.17,s.21

**From:** CTBTaxQuestions FIN:EX [mailto:CTBTaxQuestions@gov.bc.ca]  
**Sent:** June-16-14 11:46 AM  
**To:** s.17,s.21  
**Subject:** RE: Form for refund of PST paid on natural gas

Thank you for your inquiry. Your question has been forwarded to the Rulings and Interpretation team for response.

s.17,s.21

For general information, please see our information page on the Motor Fuel Tax and Carbon Tax at :  
<http://www2.gov.bc.ca/gov/topic.page?id=B5962997255B46DD8FEE32BEB04558F5>

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. Please also see the **"Small Business Guide to PST"** and our **Forms Page**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

**From:** s.17,s.21  
**Sent:** Monday, June 9, 2014 1:08 PM  
**To:** FIN REV CTB Fuel Tax FIN:EX  
**Subject:** FW: Form for refund of PST paid on natural gas

Hello,  
s.17,s.21

Thank you,  
s.17,s.21

**From:** s.17,s.21  
**Sent:** June-02-14 2:24 PM

**To:** 'fueltax@gov.bc.ca'

**Subject:** Form for refund of PST paid on natural gas

Hello,

I was just speaking with a representative on the taxpayers services information line and I was instructed to email this address to get more information on my request.

s.17,s.21

Thanks in advance for your assistance.

s.17,s.21



## **Cheetham, Patricia FIN:EX**

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Thursday, June 12, 2014 8:45 AM  
**To:** s.17,s.21  
**Subject:** TRIM: RE: Questions about Government of B.C. programs and services [#231385]  
**Categories:** 009

Thank you for your inquiry. We apologize for the delay in responding. We are experiencing a very high volume of requests.

s.17,s.21

### Answers:

1. BC's carbon tax applies to natural gas, including liquefied natural gas (LNG), at the following rates when purchased in BC: 5.70¢ per cubic metre at standard reference conditions or \$1.4898 per gigajoule. For more information on fuel tax rates, please see Bulletin MFT-CT 005 - [Tax Rates on Fuels](#).
2. Carbon tax applies to the retail purchase or use of natural gas in BC. Natural gas used by the LNG producer as part of the production process will be subject to carbon tax and may be subject to either provincial sales tax (PST) or motor fuel tax depending on how the natural gas is used.
3. The following are exempt from carbon tax:
  - Fuel that is sold in B.C. and exported by the seller from B.C. for an end purchaser's (consumer's) own use outside the province, and
  - fuel that is sold to an end purchaser for their own use outside B.C., if the end purchaser, at the time of sale, has entered into a contract with a common carrier to export the fuel from the province.

For more information please see Notice 2008-020 (CT) - [Notice to Natural Gas and Propane Sellers - Carbon Tax](#). For additional information on the carbon tax please the ministry's dedicated [Motor Fuel Tax and Carbon Tax publications page](#).

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

-----Original Message-----

From: ServiceBC [mailto:ServiceBC@gov.bc.ca]  
Sent: Monday, March 31, 2014 12:53 PM  
To: CTBTaxQuestions FIN:EX  
Subject: Re: Questions about Government of B.C. programs and services [#231385]

We are forwarding the following e-mail for your attention. Please respond to the original sender. Thank you.

---

SERVICE BC CALL CENTRE

Hours of Operation: 7:30am to 5pm, Monday through Friday, except on statutory holidays.  
In Vancouver (604) 660-2421  
In Victoria (250) 387-6121  
Elsewhere in BC 1-(800) 663-7867 (toll free)

--Original Message--

From: rS.17,s.21  
Date: 3/31/2014 7:26:26 AM  
To: EnquiryBC@gov.bc.ca; s.17,s.21  
Subject: Questions about Government of B.C. programs and services

Thank you for your submission to our 'Contact us' page. We will be contacting you as soon as possible to address the question or comment you have raised. Below this message you will see a copy of the information submitted by you via our webpage.

It was submitted by s.17,s.21  
s.17,s.21

on Monday, March 31, 2014 at 07:26:04

-----  
s.17,s.21

pageReferer: <http://www.fin.gov.bc.ca/tbs/tp/climate/A6.htm>

-----

## Cheetham, Patricia FIN:EX

---

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, January 22, 2014 12:36 PM  
**To:** s.17,s.21  
**Subject:** TRIM: RE: Definition of "Related Service" - contract manufacturing and PME Exemption for Service Providers

**Categories:** 10

Thank you for your inquiry. We apologize for the delay in responding due to the high volume of requests we are experiencing.

British Columbia's provincial sales tax (PST) is now in effect at a general tax rate of seven percent. You can access the legislation and regulations at the following links:

- [Provincial Sales Tax Act \(PSTA\)](#)
- [Provincial Sales Tax Exemption and Refund Regulation \(PSTERR\)](#)
- [Provincial Sales Tax Regulation \(PSTR\)](#)

PST applies to sales and leases of tangible personal property (goods), software, related services, legal services, telecommunication services, and accommodation.  
s.17,s.21

If you have further questions, please contact our phone staff at 1-877-388-4440. Phone staff are available from 8:30am to 4:30pm, Monday to Friday.

To receive updates about the re-implementation of the PST, please visit the following web page and click the button to **"Subscribe To Receive Updates"** which is located near the top right of the page.

More information on British Columbia's return to the PST, including information on transitional provisions, registration information and collecting and remitting the PST, can be found in a new series of **PST Bulletins and Notices**. Please also see the **"Small Business Guide to PST"** and our **Forms Page**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From:** s.17,s.21  
**Sent:** Tuesday, April 16, 2013 6:56 PM  
**To:** CTBTaxQuestions FIN:EX  
**Subject:** Definition of "Related Service" - contract manufacturing and PME Exemption for Service Providers

s.17,s.21

Page 413

Withheld pursuant to/removed as

s.21;s.17

From: Viney, Ursula E AGRI:EX  
Sent: Wednesday, February 27, 2013 3:56 PM  
To: Perhar, Satish FIN:EX  
Subject: FW: s.17,s.21 /LNG/PST  
Attachments: s.17,s.21 \_NG Project (PST).docx.docx  
1

Please find below email correspondence with Elan on this issue. Subsequent to the last email, Elan asked me to not to have any further discussions s.17,s.21

s.17,s.21 as this is a government wide priority and high level discussions were taking place at that level.

I advised s.17,s.21 know that we would be unable to discuss his proposal.

Ursula

From: Viney, Ursula E FIN:EX  
Sent: Wednesday, November 7, 2012 4:01 PM  
To: Symes, Elan C FIN:EX  
Subject: RE: s.17,s.21 /LNG/PST

John provided a summary after their meeting in August – attached.

Ursula

From: Symes, Elan C FIN:EX  
Sent: Wednesday, November 7, 2012 3:58 PM  
To: Viney, Ursula E FIN:EX  
Subject: RE: s.17,s.21 /LNG/PST

Did they provide a letter or submission regarding tax treatment?

Elan Symes  
Assistant Deputy Minister  
Revenue Division  
Ministry of Finance  
Phone: 250 387-0665

From: Viney, Ursula E FIN:EX  
Sent: Wednesday, November 7, 2012 3:37 PM  
To: Symes, Elan C FIN:EX  
Subject: RE: s.17,s.21 /LNG/PST

\* s.17,s.21 had met with John Ritchie and audit staff after the completion of a recent audit (August 2012) to discuss an approach to handle PST compliance for the

s.17,s.21

\* It was a short meeting in that no advice could be given without the legislation/regulations available

\* ε advised that a letter was sent to the Minister requesting confirmation of the PM&E exemption (once regulations are available)

\* The LNG project is a joint venture between three parties · s.17,s.21

s.17,s.21

\* In short s.17,s.21 materials purchased for construction

\* I discussed with Jordan in September ; s.17,s.21

s.17,s.21

\* John Ritchie s.17,s.21

s.17,s.21

\* John assures me he has advised ε that there is nothing to discuss without the leg/regs finalized and can cancel the meeting if so advised

Let me know if you need more info. In Surrey today – 604-586-2781

Ursula

From: Symes, Elan C FIN:EX

Sent: Wednesday, November 7, 2012 3:06 PM

To: Viney, Ursula E FIN:EX

Subject: s.17,s Corp/LNG/PST

Importance: High

Hi Ursula,

I am in receipt of a string of emails that suggests that John Ritchie is working with s.17,s on some PST issues related to s.17,s.21 project. Can you please fill me in on what is happening?

Elan Symes

Assistant Deputy Minister

Revenue Division

Ministry of Finance

Phone: 250 387-0665



Page 416 to/à Page 417

Withheld pursuant to/removed as

s.21;s.13;s.17

From: Ritchie, John S FIN:EX  
Sent: Friday, May 24, 2013 9:08 AM  
To: Perhar, Satish FIN:EX  
Cc: Kok, Eugene S FIN:EX  
Subject: FW: s.17... LNG - PST Initiatives

FYI

John Ritchie, CMA  
Manager  
Consumer Taxation Audit Branch  
Revenue Programs Division, Ministry of Finance  
800-360 West Georgia Street  
Vancouver, BC V6B 6B2  
Telephone 604 660-4558 Facsimile 604 660-4784  
john.ritchie@gov.bc.ca  
www.gov.bc.ca/PST

VISION: Trusted financial and economic leadership for a prosperous province

This email is intended only for the use of the individual or organization to whom it is addressed. It may contain information that is privileged or confidential. Any distribution, disclosure, copying or other use by anyone else is strictly prohibited. If you receive this in error, please telephone or email the sender immediately and delete the message.

From: Goss, Jordan T FIN:EX  
Sent: Friday, May 24, 2013 8:05 AM  
To: s.17,s.21  
Cc:  
John  
S FIN:EX; s.17,s.21, Flanagan, Paul FIN:EX  
Subject: Re: s.17... LNG - PST Initiatives

Ritchie,

Thanks. I look forward to the submission. However, please note that CTPB cannot provide for something that is not authorized in the legislation and regulations. If legislative and regulation changes are necessary, any discussions would have to involve the Tax Policy Branch and would ultimately have to be made by government prior to being implemented.

I have cc'd Paul Flanagan, Executive Director of Tax Policy so he is aware of the submission.

Jordan Goss  
From: s.17,s.21  
Sent: Friday, May 24, 2013 07:24 AM Pacific Standard Time  
To: Goss, Jordan T FIN:EX

Cc: s.17,s.21

s.17,s.21

: Ritchie, John S FIN:EX; s.17,s.21

s.17,s.21

Subject: s 17 LNG - PST Initiatives

Hi Jordan,

s.17,s.21

**From:** CTBTaxQuestions FIN:EX  
**Sent:** Wednesday, January 22, 2014 12:24 PM  
**To:** s.17,s.21  
**Cc:** Goss, Jordan T FIN:EX; s.17,s.21  
**Subject:** RE: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG  
**Attachments:** s.17,s.21 LNG and PM&E 2014 - Final.pdf  
**Categories:** 10

Thank you for your inquiry.

Please find the response to your ruling request attached to this email.

You may obtain additional information by accessing the Ministry of Finance Web site at [www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes) or by calling our toll free Taxpayer Services Line at **1 877 388-4440**.

This correspondence describes how the Ministry interprets the relevant tax provisions for information purposes only. This response may be impacted by variations in circumstance, subsequent changes to legislation or subsequent court decisions. The Ministry is not responsible for updating this response if there are any subsequent changes to the law. This response is provided as an aid to understanding the legislation and is not intended to replace the legislation.

Rulings and Interpretations Team  
Ministry of Finance  
[www.gov.bc.ca/consumertaxes](http://www.gov.bc.ca/consumertaxes)

---

**From** s.17,s.21  
**Sent:** Wednesday, July 31, 2013 1:32 PM  
**To:** Flanagan, Paul FIN:EX  
**Cc:** s.17,s.21  
s.17,s.21  
**Subject:** FW: The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

Paul,  
Formal ruling request enclosed.  
s.17,s.21

Thank you for your attention to this matter.  
s.17,s.21

s.17,s.21

s.17,s.21

**From:**

**Sent:** Tuesday, July 30, 2013 5:41 AM

**To:** [Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)

**Cc:** s.17,s.21

**Subject:** The application of British Columbia Provincial Sales Tax Act and the Regulations thereto to the Process of Manufacturing LNG

July 30, 2013

Good morning Paul

s.17,s.21

s.17,s.21

Thank you for your reply and request for clarification.

You are quite correct. The carbon tax on natural gas is 5.7 cents per cubic metre, not the 5.28 cents per cubic metre that was mistakenly referenced in the letter.

Rulings and Interpretations Team

Ministry of Finance

HYPERLINK

"http://www2.gov.bc.ca/gov/topic.page?id=9D6D7CFC5DA841EDAF43079FF1845A8D"

\nwww.gov.bc.ca/consumertaxes

From: s.17,s.21

Sent: Thursday, April 3, 2014 7:20 AM

To: CTBTaxQuestions FIN:EX

Cc: Fairbairn, Joel FIN:EX

Subject: RE: BC Tax Application Ruling - CNG/LNG - s 17 s 2

Good morning Joel

Thank you for your response. s.17,s.21  
s.17,s.21

Regards  
s.17,s.21

Page 424 to/à Page 426

Withheld pursuant to/removed as

s.21;s.17



**Eggleston, Stephen D FIN:EX**

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Wednesday, February 26, 2014 12:17 PM  
**To:** Eggleston, Stephen D FIN:EX  
**Cc:** Scott, Bob FIN:EX  
**Subject:** FW: Missing tax rate

Stephen – here is the email Tax policy sent in December.

**Jordan Goss**  
Executive Director  
Consumer Taxation Programs Branch  
Ministry of Finance

Ph. (250) 387-0611

**MINISTRY OF FINANCE:** *Trusted financial and economic leadership for a prosperous province*

---

**From:** Goss, Jordan T FIN:EX  
**Sent:** Monday, December 2, 2013 1:15 PM  
**To:** Hughson, Hugh FIN:EX  
**Cc:** Fairbairn, Joel FIN:EX  
**Subject:** Fwd: Missing tax rate

FYI

Jordan Goss

Begin forwarded message:

**From:** "Foy, Anne FIN:EX" <[Anne.Foy@gov.bc.ca](mailto:Anne.Foy@gov.bc.ca)>  
**Date:** 2 December, 2013 1:13:28 PM PST  
**To:** "Goss, Jordan T FIN:EX" <[Jordan.Goss@gov.bc.ca](mailto:Jordan.Goss@gov.bc.ca)>, "King, Marshall FIN:EX" <[Marshall.King@gov.bc.ca](mailto:Marshall.King@gov.bc.ca)>, "Minishka, Bridget L FIN:EX" <[Bridget.Minishka@gov.bc.ca](mailto:Bridget.Minishka@gov.bc.ca)>  
**Cc:** "Flanagan, Paul FIN:EX" <[Paul.Flanagan@gov.bc.ca](mailto:Paul.Flanagan@gov.bc.ca)>, "Fairbairn, Joel FIN:EX" <[Joel.Fairbairn@gov.bc.ca](mailto:Joel.Fairbairn@gov.bc.ca)>  
**Subject:** RE: Missing tax rate

Jordan,

This is to confirm that I have spoken to Paul and this s.12,s.13  
s.12,s.13

s.13,s.17

Thanks

Anne Foy  
Strategic Advisor  
Tax Policy Branch  
Ministry of Finance

-----Original Message-----

From: Goss, Jordan T FIN:EX  
Sent: Saturday, November 23, 2013 10:24 AM  
To: Foy, Anne FIN:EX; King, Marshall FIN:EX; Minishka, Bridget L FIN:EX  
Cc: Flanagan, Paul FIN:EX; Fairbairn, Joel FIN:EX  
Subject: Missing tax rate

s.13,s.17

## Kovacs, Rob W FIN:EX

---

**From:** Beckett, Gurcharn FIN:EX  
**Sent:** Friday, November 7, 2014 1:09 PM  
**To:** Pollock, Lynn M FIN:EX  
**Cc:** Kovacs, Rob W FIN:EX  
**Subject:** RE: Consultation on tax collection process

Thanks Lynn, I scheduled a meeting for the 17 already, but I'll change it to next week and talk to Rob.

Gurcharn Beckett, LNG Tax Development Branch,  
Ministry of Finance, Phone: 250-952-0511

---

**From:** Pollock, Lynn M FIN:EX  
**Sent:** Friday, November 7, 2014 12:33 PM  
**To:** Beckett, Gurcharn FIN:EX  
**Cc:** Kovacs, Rob W FIN:EX  
**Subject:** FW: Consultation on tax collection process

Hi Gurcharn:

I'm sorry, <sup>s.22</sup> please call Rob Kovacs one of my Senior Collection  
Officers, or call me the following week (I'll be back November 17<sup>th</sup>).

Sorry for the confusion.

Lynn Pollock

---

**From:** Forbes, Dennis G FIN:EX  
**Sent:** Friday, November 7, 2014 11:50 AM  
**To:** Beckett, Gurcharn FIN:EX  
**Cc:** Pollock, Lynn M FIN:EX  
**Subject:** RE: Consultation on tax collection process

Gurcharn, I am away <sup>s.22</sup> for two weeks after today. I suggest you contact Lynn Pollock who can assist you in  
this regard.

**DENNIS G. FORBES**  
*Executive Director, Receivables Management Office*  
*Ministry of Finance*  
*Ph 250 356-8031 Cell 250 516-4253 Fax 250 356-5604*  
<mailto:Dennis.Forbes@gov.bc.ca>  
<http://www.fin.gov.bc.ca/rev.htm>

---

**From:** Beckett, Gurcharn FIN:EX  
**Sent:** Friday, November 7, 2014 10:56 AM  
**To:** Forbes, Dennis G FIN:EX  
**Subject:** Consultation on tax collection process

Thank-you.

Gurcham Beckett, LNG Tax Development Branch,  
Ministry of Finance, Phone: 250-952-0511

## **Kovacs, Rob W FIN:EX**

---

**From:** Mann, Robert FIN:EX  
**Sent:** Wednesday, October 22, 2014 2:04 PM  
**To:** FIN REV RMO COLL Team 3  
**Subject:** FW: LNG Update

**Importance:** High

Hello all:

Please read the information below. It is possibly you could get questions from taxpayers regarding yesterday's LNG announcement.

Robert J Mann  
Supervisor, Collections  
Ministry of Finance  
Revenue Management Office  
Phone 250-387-1680 Fax 250-356-1090  
[robert.mann@gov.bc.ca](mailto:robert.mann@gov.bc.ca)

---

**From:** Forbes, Dennis G FIN:EX  
**Sent:** Wednesday, October 22, 2014 11:30 AM  
**To:** FIN REV RMO Leadership Team  
**Subject:** FW: LNG Update  
**Importance:** High

Scroll down for contact information should any of your staff take inbound calls regarding the LNG announcement yesterday.

**DENNIS G. FORBES**  
*Executive Director, Receivables Management Office*  
*Ministry of Finance*  
*Ph 250 356-8031 Cell 250 516-4253 Fax 250 356-5604*  
<mailto:Dennis.Forbes@gov.bc.ca>  
<http://www.fin.gov.bc.ca/rev.htm>

---

**From:** Symes, Elan C FIN:EX  
**Sent:** Wednesday, October 22, 2014 11:16 AM  
**To:** FIN REV RD Exec  
**Subject:** LNG Update  
**Importance:** High

Please see LNG update from Paula with contact information for questions.

---

Elan Symes  
Assistant Deputy Minister  
Revenue Division

## LNG Income Tax

- On October 21, 2014, Bill 6 - Liquefied Natural Gas Income Tax Act (LNG Act) was introduced. This Act is separate from the federal and BC *Income Tax Acts*.
- The LNG Income Tax applies to the net income from liquefaction activities at LNG facilities in B.C. The proposed tax rate on net income will be 3.5%, effective for taxation years beginning on or after Jan. 1, 2017, and 5% for taxation years beginning on or after January 1, 2037.
- During the period when net operating losses and the capital investment are being deducted, a tax rate of 1.5% will apply and is creditable against the 3.5% tax.
- Net income is income determined after a taxpayer has generated enough income to recover its net operating losses and its capital investment account.
- More information on the LNG Act can be found at [www.gov.bc.ca/LNGincometax](http://www.gov.bc.ca/LNGincometax)
- Administrative provisions relating to the LNG Act, including returns, assessments, collections, audits and investigations, interest and penalties, information sharing, and anti-avoidance provisions are expected to be introduced in the spring of 2015.
- Questions on the LNG Act can be emailed to [LNGIncomeTax@gov.bc.ca](mailto:LNGIncomeTax@gov.bc.ca)
- Calls can be directed to <sup>s.17</sup> (do NOT give out this number to the public.)

## Natural Gas Tax Credit

- Effective January 1, 2017, a Natural Gas Tax Credit (NGTC) will be available to a corporation that is an LNG income tax taxpayer that has a permanent establishment in British Columbia.
- The NGTC is introduced with the LNG Act as a consequential amendment to the BC Income Tax Act.
- The NGTC will be calculated as 0.5 percent of the cost of natural gas acquired by a corporation at the inlet to an LNG facility as determined under the LNG Act.
- The maximum non-refundable credit that can be claimed in a taxation year by the LNG income tax taxpayer is limited to the lesser of:

- The corporation's income tax payable after all other British Columbia income tax credits have been deducted; or
  - The amount that would reduce the taxpayer's British Columbia income tax to an amount equivalent to the amount that would be payable if the British Columbia general corporate income tax rate were 8 percent.
- Administrative provisions in respect of the NGTC are expected to be introduced in the spring of 2015.
- More information on the NGTC can be found at [www.gov.bc.ca/LNGincometax](http://www.gov.bc.ca/LNGincometax)
- Questions on the NGTC can be emailed to [ITBTaxQuestions@gov.bc.ca](mailto:ITBTaxQuestions@gov.bc.ca)
- Calls can be directed to 1-877-387-3332
- Further information can be obtained from Jeffrey Krasnick 250-953-3091, Tonya Young 250-356-9113 or Mark Gunther 250-387-0871 (do NOT provide these numbers to the public.)

**From:** Executive Update PSA:EX  
**Sent:** Monday, March 17, 2014 3:01 PM  
**To:** Employee News PSA:EX  
**Subject:** Executive Update: What Dave Byng wants you to know about the BC Jobs Plan



Where ideas work

*From the desk of Dave Byng*



Good afternoon,

I'm Dave Byng – the Deputy Minister of Jobs, Tourism and Skills Training. I'm writing to share an update about the [BC Jobs Plan](#) and how it links to some of government's key priorities, including developing the skilled workforce we will need to take advantage of the opportunities presented by Liquefied Natural Gas (LNG) and other major projects. This email is part of a new series to increase executive communication across our organization, and I hope you take the time to read this and future messages from my Deputy Minister colleagues so you can find out more about the important work taking place across the BC Public Service.

### **BC Jobs Plan and the LNG Opportunity**

These days, one of government's main areas of focus is preparing B.C. to be ready for the opportunities presented by LNG and other major projects. I wouldn't be surprised if LNG has touched your world as well. At latest count, the Ministry's Major Project Inventory indicates that there are 47 major projects proposed or already underway in B.C. valued at over \$500 million. These projects are expected to bring in \$165 billion in investment for B.C.'s economy, including an estimated \$98 billion for five proposed LNG plants. The forecasted job opportunities for LNG include a peak of 22,000 direct construction jobs by 2016/17 and 75,200 new direct, indirect, and induced permanent jobs by 2023. The jobs associated with the LNG industry in BC are a real opportunity for all of us.

The BC Jobs Plan is a key component of how we are going to meet our labour market needs. Launched in September 2011, it has been a collective project that involves almost every ministry. The plan identifies a series of targets and government actions that help drive new investment and job opportunity. It prioritizes eight key growth sectors identified as having the biggest potential for contributing to job creation throughout the province: natural gas, technology, mining, forestry, agri-foods, international education, transportation and tourism.

The 10-Year Skills Training Action Plan for Youth will build upon the success of the Jobs Plan, and is just one example of the kind of tangible outcomes government is focused on. It is expected that B.C. will have approximately one million job openings over the next ten years, including jobs for the LNG and major project initiatives I referenced above. As a result, our Ministry has been working with the Ministry of Education and Advanced Education to develop a 10-Year Skills Training Action Plan for Youth. The vision is that every youth in British Columbia has access to the career opportunities most in demand by B.C.'s growing economy. Over the next 10 years 537,000 youths will exit the education



system and enter the workforce in British Columbia. This plan will outline actions and strategies that will ensure that those youth are equipped with the right skills to meet jobs in demand and advance economic growth in every region of the province. The plan will be released later this spring.

Of the 19 targets originally set in the BC Jobs Plan, I'm happy to report that 11 have been achieved on time or ahead of schedule. The remaining eight are on track for their timed completion deadlines between 2014 and 2020. It's all captured in the 24-Month Progress Report released in September 2013. With eight key growth sectors, you can see how this has to be a collective effort. If you have contributed to our achievements to date, thank you. If not, I encourage you read the latest progress report to find out more.

### **Long Service Award Registration**

In addition to filling you in on the jobs plan achievements, I'd like to take this opportunity to encourage you to register for the 2014 Long Service Awards, if you are eligible.

Established in 1956, the annual program honours BC Public Service employees for their 25, 30, 35, 40 and 45 (!) years of dedication and commitment. For more information, visit [@Work](#). And if you aren't doing so already, I encourage you to visit @Work regularly for more BC Public Service news and conversation.

~ Dave

Dave Byng  
Deputy Minister  
Ministry of Jobs, Tourism and Skills Training

**From:** Executive Update PSA:EX  
**Sent:** Monday, January 27, 2014 10:22 AM  
**To:** Employee News PSA:EX  
**Subject:** Executive Update from Deputy Minister Shannon Baskerville



Where ideas work

*From the desk of Shannon Baskerville*



Good morning,

It's hard to believe we're already in the last week of January, but I hope that like me, each of you is looking forward to 2014.

Recently, the Deputy Minister's Council for the BC Public Service approved a plan to enhance executive communication across our organization. This will include regular emails to all employees, reporting out on interesting and important work that's taking place across the BC Public Service. As the new Deputy Minister for the Ministry of International Trade (MIT), I am pleased to be the first to do so.

Over the next year, I will be working with everyone in MIT to continue the expansion of B.C.'s market opportunities in Asia and build on Premier Christy Clark and Minister Teresa Wat's recent jobs and trade mission to China, Korea and Japan. Along with my colleagues Dave Byng and Steve Carr, I accompanied the Premier and Minister on the mission and we were joined by representatives from over 120 companies, First Nations, labour organizations and communities throughout B.C.

The goal of the mission was to strengthen our relationships with governments and companies in Asia and to expand and secure markets for B.C.'s liquefied natural gas. Strengthening these relationships creates jobs and economic growth in B.C. You will see more updates on the outcomes from this trade mission, and I encourage you to contribute to the conversation and to read more information about the [Jobs and Trade Mission to Asia 2013](#).

As a ministry, we work extremely hard on our province's cultural and economic relationships in Asia – this is something of which we are very proud. Our [Trade and Investment Representatives, BC's Representative in Asia](#), and the [Trade and Investment](#) web presence are all tools that lead to economic growth in our province, and they are tools that we will be continuing to refine and improve in the coming year to maximize the benefit for all British Columbians.

Also, over the next few weeks all of us, across the BC Public Service, will be looking at our corporate, ministry and work unit results from the Work Environment Survey (WES). John Dyble shared with you the [corporate results](#) in December and ministry results were sent out two weeks ago. Work unit results will be available later this week. The WES results are an opportunity for continued progress in government, in our ministries, and in our work areas – they are a chance to reflect on what's working

and to find improvements where things are not, helping us to build upon Being the Best. Don't miss out on the opportunity to have the conversation within your work unit, ministry and on @Work. This is something we all need to contribute to.

~Shannon

Shannon Baskerville  
Deputy Minister  
Ministry of International Trade