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ETSL80 Refund of Federal Excise Tax for Goods Purchased or Imported by a Province Without a Reciprocal Taxation Agreement With the Government of Canada

From: [Canada Revenue Agency](#)

Excise Taxes and Other Levies Notice

September 2024

This version replaces the one dated February 2022, which was entitled "Refund of Federal Excise Tax for Goods Purchased or Imported by the Provinces of Alberta or New Brunswick". This notice has been updated to reflect that the proposed tax policy change has since been adopted into law.

This notice provides information on an amendment to section 68.19 of the *Excise Tax Act* that was announced in Budget 2021 and included in [Bill C-59, Fall Economic Statement Act, 2023, No. 1](#), which received royal assent on June 20, 2024. This amendment clarifies that only a province may claim a refund of federal excise tax on goods that it purchased or imported, unless the province and the dealer jointly make an election to designate the dealer to be entitled to claim the refund. Refunds may only be claimed for goods purchased or imported by a province that does not have a reciprocal taxation agreement with the Government of Canada. The Province of Alberta is currently eligible for a refund under section 68.19.

Except as otherwise noted, all statutory references in this publication are to the provisions of the *Excise Tax Act*. The information in this publication does not replace the law found in the Act and its regulations.

If this information does not completely address your particular situation, you may refer to the Act or relevant regulation, or call 1-866-330-3304 for additional information.

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Overview

Section 68.19 relieves an eligible province from the federal excise tax on motive fuels, fuel-inefficient vehicles, and automotive air conditioners that it purchases or imports for its own use, provided they are not for an ineligible purpose. An eligible province is a province that does not have a reciprocal taxation agreement with the Government of Canada. The Province of Alberta is currently eligible for a refund under section 68.19.

If excise tax has been paid on these goods, a refund equal to the amount of the tax may be available to either the province that purchased or imported the goods or its dealer (that is, the importer, transferee, manufacturer, producer, wholesaler, jobber, or other dealer). Section 68.19 has been amended to clarify that only the province may claim refunds of excise tax unless the province and the dealer jointly make an election designating that the dealer of the goods be entitled to claim the refunds. This measure applies to goods purchased or imported by a province on or after January 1, 2022.

Making an election

To make an election, a province and a dealer must jointly complete and sign [Form RC234, Election or Revocation of an Election to Allow a Dealer to Claim Refunds of Federal Excise Tax on Goods Purchased or Imported by a Province](#). The election entitles the dealer to claim refunds of excise tax for the goods it sells to the province without embedding an amount equal to the excise tax in the purchase price. A province may make an election with each of its dealers; however, the province may make only one election in respect of a particular purchase or importation of goods, as set out in subsection 68.19(1.3).

An election is effective for the period that the dealer and the province specify on Form RC234 or until it is revoked. The province and the dealer may also use Form RC234 to jointly revoke an existing election as of the date of signature or a later date.

An election must not be made if the dealer embeds the cost of the excise tax in the price of the goods purchased or imported by the province.

Exemption certificate

If both parties intend the dealer to claim the refund, the province should provide an exemption certificate to the dealer in order to purchase goods without the embedded cost of the excise tax. The dealer will use the exemption certificate to support its application for refund of excise tax.

An exemption certificate is a document in which a province attests to a dealer that it is purchasing goods that meet the requirements to be eligible for relief from excise tax (that is, the province is not purchasing or importing goods for any of the ineligible purposes identified under section 68.19). Refer to the "Ineligible purposes" section of this notice for more information.

The exemption certificate should be duly signed and dated by a person authorized by the province and include the following information:

- the name, account number (or business number), and mailing address of the province purchasing the goods
- the name, account number (or business number), and mailing address of the dealer selling the goods to the province
- the type and quantity of goods being purchased
- the date of purchase
- the attestation that the province is not purchasing goods for any of the ineligible purposes described in the next section of this notice

The Canada Revenue Agency (CRA) recommends that a province use [Form RC230, Federal Excise Tax Exemption Certificate for Goods Purchased by a Province](#), for this purpose.

A province should not provide an exemption certificate to a dealer if the dealer embeds the cost of the excise tax in the price of the goods purchased or imported by the province.

Ineligible purposes

Excise tax relief under section 68.19 is not available to a province or its dealer if any of the following situations apply:

- the goods are purchased or imported by the province for resale
- the goods are purchased or imported by the province for use by any board, commission, railway, public utility, university, manufactory, company, or agency that is owned, controlled, or operated by the government of the province or under the authority of the legislature or the lieutenant governor in council of the province
- the goods are purchased or imported by the province for use by the province, or by any of its agents or servants, in connection with the manufacture or production of goods or use for other commercial or mercantile purposes

Applying for a refund

As a dealer

To apply for a refund, a dealer must complete [Form N15, Excise Tax Application for Refund](#), and submit it to the CRA within two years after the province purchased or imported the goods.

An election is required for a dealer to be eligible to claim refunds of excise tax on goods purchased or imported by a province on or after January 1, 2022. For the dealer to be entitled to claim refunds, the dealer and the province must jointly complete and sign [Form RC234](#).

The dealer should also obtain an exemption certificate (such as [Form RC230](#)) from the province at the time of purchase or importation of the goods described in the refund application.

Proper documentary evidence to support the claim must be made available to the CRA upon request.

As a province

To apply for a refund, a province must complete [Form N15](#) and submit it to the CRA within two years after it purchased or imported the goods. The province must not make an election with the dealer in respect of purchased or imported goods for which the province would like to claim a refund of an amount equal to the excise tax.

Proper documentary evidence to support the claim must be made available to the CRA upon request.

Further information

For all **technical publications** related to excise taxes under the *Excise Tax Act* and its regulations, go to [Excise taxes and other levies technical information](#).

For information on how to make a **general** or **technical enquiry** on excise taxes, go to [Contact Information – Excise and Specialty Tax Directorate](#).

For information on how to request a **ruling** or **interpretation** related to excise taxes, go to [Requesting an Excise and Specialty Tax Ruling or Interpretation](#).

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