



Australian Government

Australian Taxation Office

About the cleaner fuels grants scheme

This fact sheet provides information about the cleaner fuels grants scheme. For more detailed information about claiming the grant, refer to *The cleaner fuels grants scheme* (NAT 9886).

WHAT IS THE CLEANER FUELS GRANTS SCHEME?

The cleaner fuels grants scheme provides for the payment of a grant to licensed excise manufacturers (including holders of storage licenses) and to importers of eligible cleaner fuels. This scheme has been established to offset the excise and customs duty payable on alternative fuels.

The scheme came into effect on 18 September 2003 at which time **biodiesel** was the only cleaner fuel defined under the scheme. From 1 July 2011 fuels such as CNG, LNG, LPG, ethanol and methanol will be eligible fuels for the Cleaner Fuels Grants Scheme.

DO I NEED TO REGISTER FOR THE CLEANER FUELS GRANTS SCHEME?

If you want to claim a cleaner fuels grant you will need to register for the scheme. While registration is a prerequisite for claiming the grant, it is not confirmation that a grant is payable to you.

When you register for an excise licence, you will be provided the opportunity to register for the cleaner fuels grants scheme. If you do not choose to register for the grant at that time, or you are an importer, you can phone us on **1300 657 162** to register.

IN WHAT CIRCUMSTANCES WILL THE GRANT BE PAID?

The cleaner fuels grant is paid to the last licensed entity in the distribution chain before the biodiesel enters the marketplace. In most cases, this is likely to be the original manufacturer who will both enter the fuel for home consumption and claim the grant. The entitlement to the grant will pass to the second entity when the manufacturer sells the biodiesel to another licensed entity, either for storage or blending. In situations where the biodiesel is sold duty paid to another licensed entity,

the entitlement to the grant will be separated from the original entry for home consumption and payment of duty, see *Meeting your biodiesel obligations* (NAT 9885), for more details on the excise arrangements in this situation.

If you are unsure of the licence status of any particular entity, phone **1300 137 292** for advice.

WHAT IS THE RATE OF GRANT?

From 18 September 2003 to 30 June 2011, the rate of grant for biodiesel will be at the same rate as the excise and customs duty payable on biodiesel – 38.143 cents per litre – providing a zero net effect. Blends of biodiesel and other fuels only attract a grant on the biodiesel component of the blend.

On 1 July 2011, and then on 1 July in each subsequent year, until 30 June 2015 the grant rate will be reduced in five even instalments, raising the effective excise rate from zero.

From 1 July 2011, new rates of excise and customs duty will apply to all fuels.

WHO IS ELIGIBLE FOR THE CLEANER FUELS GRANTS SCHEME?

You are eligible to claim a cleaner fuels grant if, on or after 18 September 2003 and before 1 July 2015, you:

- > are registered for the cleaner fuels grants scheme
- > are licensed to manufacture or store biodiesel or have an appropriate permission issued under the *Excise Act 1901*, or you are an importer or hold a biodiesel permission issued under the *Customs Act 1901*
- > manufacture or import biodiesel, or buy biodiesel from another licensed manufacturer or permission holder
- > enter the biodiesel for home consumption, or if another licence or permission holder has entered the biodiesel, you consume the biodiesel yourself or sell it to an entity which does not have a licence or permission, and
- > either consume the biodiesel in a diesel engine, or sell the biodiesel for use in a diesel engine.

You cannot claim a grant if:

- > you sell the biodiesel to another licence or permission holder
- > the biodiesel does not meet the applicable fuel standard under the *Fuel Quality Standards Act 2000*, or
- > another licence or permission holder has an entitlement to the grant on the biodiesel which precedes yours.

Some examples are included in *The cleaner fuels grants scheme* (NAT 9886).

Your entitlement to the grant may be reduced by any amount paid to you, or to any other person or business as a drawback, refund, rebate or remission of excise or customs duty on the biodiesel, regardless of whether that payment is made before or after you make a cleaner fuels grant claim.

BIODIESEL FUEL STANDARD

The biodiesel fuel standard has been developed by the Department of the Environment and Heritage (DEH). The main purpose of the standard is to regulate the quality of fuel supplied in Australia in order to:

- > reduce the level of pollutants and emissions arising from the use of fuel that may cause environmental and health problems
- > facilitate the adoption of better engine technology and emission control technology, and
- > allow the more effective operation of engines.

Payment of the cleaner fuels grant is conditional on biodiesel meeting this standard. Proof of meeting the standard must be retained for five years as part of your record keeping requirements.

If you are unable to prove you meet the standard, you will not be eligible for the grant, even though you are still required to pay the excise duty on the biodiesel you produce. Please contact DEH about processes required to meet the standard.

WHAT ARE MY RIGHTS AND RESPONSIBILITIES?

Taxation treatment

The cleaner fuels grant is assessable income for income tax purposes. Your fuel grants are not PAYG instalment income and do not have to be included in your Business activity statement. You may voluntarily include your fuel grant income in your activity statement at T1.

Provision of advice

A system of binding rulings applies to cleaner fuels grants scheme entitlements. If you are unsure about an entitlement after reading the guides, you can apply for a private ruling. You can also apply for a private ruling if you consider that a decision made on a particular entitlement is incorrect. If you need advice, phone **1300 657 162**.

Taxpayers' Charter

It is important that you are aware of your rights and obligations when dealing with the Tax Office. These are explained in the taxpayers' charter, along with the service and other standards you can expect from the Tax Office. To view the taxpayers' charter visit our website at www.ato.gov.au. To get a printed copy of the *Taxpayers' Charter-what you need to know* (NAT 2548) phone our distribution service on **1300 720 092**.

➤ MORE INFORMATION

For more information on any of the above topics go to www.ato.gov.au/fuelschemes or phone us on **1300 657 162**.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**. If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

For further information regarding the biodiesel standard, visit the Department of the Environment and Heritage (DEH) website at www.deh.gov.au or fax **02 6274 1172**.

OUR COMMITMENT TO YOU

The information in this publication is current at April 2004 and we have made every effort to ensure it is accurate. However, if something in the publication is wrong or misleading and you make a mistake as a result, you will not be charged a penalty. You may have to pay interest, depending on the circumstances of your case.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser. Since we regularly revise our publications to take account of any changes to the law, you should make sure this edition is the latest. The easiest way to do this is by checking for a more recent version on our website at www.ato.gov.au/fuelschemes