



The cleaner fuels grants scheme

This guide provides you with information about how to register for the cleaner fuels grants scheme, your eligibility, and how to make a claim.



Information about the scheme is also available in *About the cleaner fuels grants scheme* (NAT 9884). For further information about biodiesel read *About biodiesel* (NAT 9883) and *Meeting your biodiesel obligations* (NAT 9885).

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**

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REGISTERING FOR THE SCHEME

To register, you will need to provide your Australian business number (ABN). If you are eligible for an ABN and do not have one, we will tell you the procedure for obtaining one when you phone.

If you are not eligible for an ABN, but are eligible to claim a grant, we will ask you to provide evidence of your identity and address. You may choose to provide your tax file number (TFN), a current drivers licence, passport or rates notice.

You will also need to provide information on your expected production or import quantities, your ability to meet the fuel standard, and the details relating to your excise manufacturer's licence, or customs permission if relevant.

When you register for the scheme you do not need to provide documents that support your entitlement to a fuel grant. However, at a later date we may ask you to provide copies of documents that support your eligibility such as fuel quality tests, production records, invoices or receipts.

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 – a guide* (NAT 9885)) for more details on the excise arrangements in this situation.

If you are engaged in the further manufacture or blending of biodiesel on which duty has already been paid, it is in your interest to verify the production and sale history of the duty paid biodiesel at the time you purchase it, as this will affect your entitlement to the grant.

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

AM I ELIGIBLE TO CLAIM A GRANT?

In very broad terms, you may be eligible to claim a cleaner fuels grant if:

- > you are a licensed manufacturer, a holder of an excise storage licence, or a permission holder
- > you or the licence/permission holder you bought the biodiesel from enter the biodiesel for home consumption
- > the biodiesel meets the standard defined by the Department of the Environment and Heritage incorporated in the Fuel Quality Standards Act 2000, and
- > you use it in a diesel engine, or sell it for use in a diesel engine by a non-licensed entity.

The grant will apply only to biodiesel that is entered for home consumption after the commencement of the cleaner fuels grants scheme. Once registered, you may claim the grant at any time up to three years after the biodiesel is delivered for home consumption (refer to *Meeting your biodiesel obligations – a guide* (NAT 9885) for more information about entering biodiesel for home consumption).

IS BLENDED BIODIESEL ELIGIBLE FOR THE GRANT?

Biodiesel blended with other fuels are only eligible for the grant on the biodiesel component of the blend. When duty paid biodiesel is blended, you are not eligible for the grant on the duty paid component if the duty paid biodiesel has passed through the hands of a non-licensed entity before it reaches you.

SOME EXAMPLES

Brian's Biodiesel and *Tran's Tallow Connection* are licensed excise manufacturers who produce biodiesel in Australia. *Diana the Distributor* and *Pete's Petrol Station* are retail fuel outlets which sell biodiesel bought duty paid from various sources.

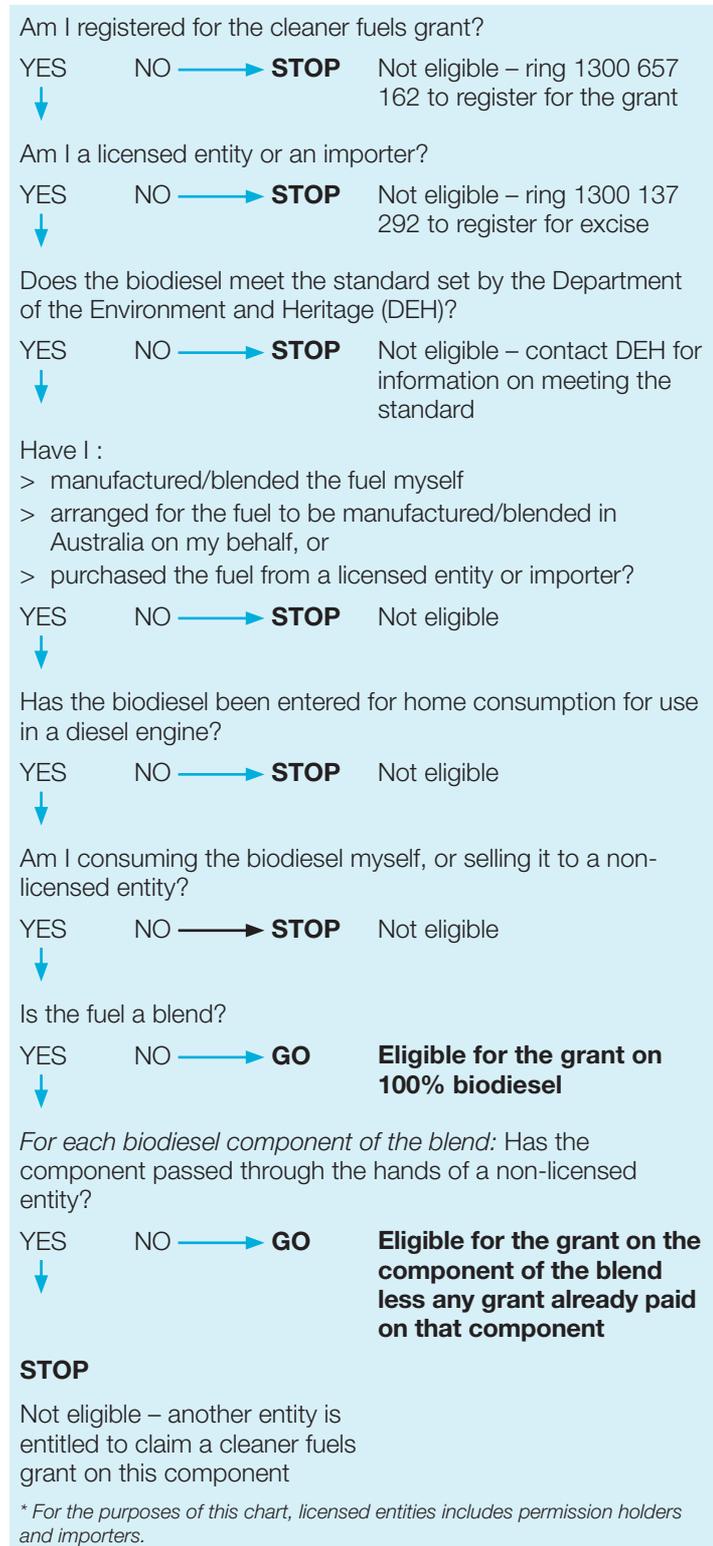
- (A) Brian manufactures 1,000 litres of biodiesel. He delivers it to Diana, and enters it for home consumption by lodging an excise return and paying the duty. Diana is not eligible to claim the grant because she is not licensed. Brian is entitled to claim the cleaner fuels grant.
- (B) Brian has a contract to supply Diana with 10,000 litres of biodiesel however a problem with his plant means he is unable to fill the entire order in time. Brian purchases 5,000 litres of biodiesel under bond from Tran's Tallow Connection, combines it in his licensed premises, with the 5,000 litres he produces himself and delivers it to Diana. Brian enters 10,000 litres of biodiesel for home consumption by lodging an excise return and paying the duty. Diana is not eligible to claim the grant because she is not licensed. Tran's Tallow Connection is not eligible to claim the grant because he sold the fuel to another licensed manufacturer. Brian is entitled to claim the cleaner fuels grant on the entire 10,000 litres.
- (C) Tran has a contract to supply Pete with 100,000 litres of biodiesel, but a shortage of feedstock means he is unable to fill the entire order. Brian's Biodiesel agrees to sell Tran 20,000 litres of duty paid biodiesel to make up his order for Pete's Petrol Station. Tran combines the fuel in his licensed premises, and delivers 100,000 litres of biodiesel to Pete.

Brian enters 20,000 litres for home consumption by lodging an excise return and paying the duty. Tran enters 100,000 litres for home consumption by lodging an excise return and pays the duty on 80,000 litres. Pete is not eligible to claim the grant because he is not licensed. *Brian's Biodiesel* is disqualified from claiming the grant because he sold the fuel to another licensed manufacturer. Tran is entitled to claim the cleaner fuels grant on the entire 100,000 litres.

- (D) Brian's Biodiesel is still having production problems and he is unable to produce enough fuel to supply Pete's Petrol Station with 50,000 litres of biodiesel. The only biodiesel he can source to complete his order is from Diana the Distributor. Brian combines 15,000 litres of duty paid biodiesel from Diana, with 35,000 litres of the biodiesel he manufactures himself in his licensed premises, and delivers 50,000 litres of blended biodiesel to Pete. Tran has already entered the 15,000 litres of biodiesel Brian purchased from Diana the Distributor, by lodging an excise return and paying the duty on it. Brian enters 50,000 litres for home consumption by lodging an excise return and pays the duty on 35,000 litres. Pete is not eligible to claim the grant because he is not licensed. Tran is entitled to claim the grant on the 15,000 he sold to Diana. Brian is entitled to claim the cleaner fuels grant on the 35,000 litres of the biodiesel he manufactured himself.

If you are unsure whether you are entitled to claim the grant you can phone **1300 137 292** for advice.

This decision tree will help you decide if you are eligible for the cleaner fuels grant:



HOW TO CLAIM A CLEANER FUELS GRANT

This section explains how to claim a grant under the cleaner fuels grants scheme. For an overview of the scheme, refer to *About the cleaner fuels grants scheme* (NAT 9884).

How do I claim?

After you have been registered for the cleaner fuels grant you will receive a supply of claim forms in the mail. Each time you submit a claim you will be sent a replacement claim form. Your registered name and address, as well as your cleaner fuels client account number will be printed for your convenience on the claim form.

If you are an excise licensed manufacturer or a holder of an excise storage licence who enters domestically manufactured biodiesel for home consumption, you may be able to lodge your grant claim by fax at the same time that you lodge your excise return. To take up this lodgment option, the details of the biodiesel on both forms need to match, and you need to send both forms together in the same facsimile transmission to **1300 131 456**.

If you do not enter the biodiesel yourself, or you do not submit the cleaner fuels grant claim at the same time as the excise return, or you are importing biodiesel, you are not eligible for fax lodgment of your claim.

If you are not eligible for fax lodgment, or choose not to take up this option, you need to lodge your cleaner fuels grant claim by mail to:

Australian Taxation Office
Cleaner fuels grants scheme
Locked bag 9100
Wollongong DC NSW 2500

How do I complete the claim form?

Section 1

You need to enter the number of eligible litres of biodiesel you are claiming in *section 1* of the form. If you import biodiesel and then blend it in Australia, you are engaging in a manufacturing process, and the origin of the biodiesel should be reported as domestic manufacture.

Section 2

If you are claiming for domestically manufactured biodiesel, the dates in *section 2* need to correspond with the dates on the relevant excise return/s. If the form is faxed with an excise return, the dates on both forms need to match. If you are claiming for imported biodiesel, you will be lodging by mail, and the dates in *section 2* will need to match the dates on your nature 10 form.

How will I be paid?

When you register for the grant, you will be asked to provide your bank account details. Grant payments are generally made directly to your bank account within 14 days of us receiving your completed claim form.

If you lodge your claim by fax along with the corresponding excise return, and your grant entitlement is equal to your excise liability, you have the option of asking us to transfer the credit from your grant payment to pay your excise liability. In this case, no money would be deposited to your bank account.

We discuss the credit transfer option with you when you register for the grant. If you wish to take up the credit transfer option, you will need to complete an *Authority to transfer credit* form. This form may be obtained by phoning **1300 657 162**.

When you claim a grant, your claim is based on self assessment. This means that you are responsible for assessing your own eligibility for the grant based on the rules of the scheme, and for keeping records that support your claims.

What are my record keeping obligations?

You must keep detailed records of fuel claimed for five years so you can provide evidence to substantiate your claims if you are audited. You may be penalised if you cannot demonstrate that a claim is correct.

Your records should include documentation which supports the eligibility of the biodiesel purchased, imported, or manufactured including:

- > evidence of the entry and duty payment on the biodiesel claimed (including the excise return or importation entry if you have entered the fuel), and
- > documentation detailing the disposal of the biodiesel.

Where disposed of by sale, records should include:

- > the date and place of sale
- > name of purchaser
- > type and quantity of fuel
- > the price paid, and
- > the address delivered to.

Where the quantity delivered exceeds 1000 litres you must also keep records of the name and licence details of the tanker driver, registration number of the prime mover and any trailers.

When biodiesel is disposed of other than by sale, records must be sufficient to identify the use, or disposal by any other means, and include details of:

- > the date, quantity and type of fuel, location and means of disposal
- > calculations you have used to determine the eligible quantity claimed, and

- > evidence that shows that the fuel meets the standard defined by the Department of the Environment and Heritage, and incorporated in the *Fuel Quality Standards Act 2000*.

If you are unsure of any aspects of the information you may need to provide to support your claims you should phone **1300 657 162** for advice.

Will I receive confirmation that my claim has been processed?

When your claim has been processed, we will send you a claim assessment for each claim you lodge. The claim assessment will advise the amount of fuel grant you're entitled to, even if the assessment is nil, and will also show any adjustments made.

If an amendment results in a reduction of the claim amount, and we are unable to recover the overpayment through a credit transfer agreement, we will contact you to make arrangements for repayment.

If we have agreed to transfer credit between your grant client account number and your excise client account number, your claim assessment will advise you of the amount we have transferred.

If you incur a debt as a result of an overpayment of the grant and the debt has not been paid by the required time, an interest charge may be applied to the overpayment amount.

If, as a result of an appeal or review, it is found that we did not pay you the amount you were entitled to, then you will be paid interest on the amount that was underpaid. This interest will be calculated from the date the original assessment notice was issued.

What if I make a mistake or need to amend a return?

If you need to amend your claim (if for example, you made a mistake on a claim form you lodged with us, or you accidentally claimed for fuel not for use in a diesel engine), you should advise us in writing as soon as possible.

You may use the *Request to amend a claim* form, or simply submit a signed written request which contains the following:

- > your client account number (shown on your claim form and claim assessment)
- > the claim reference number (shown on your claim assessment)
- > details of the amendment required, and
- > the reason for the amendment.

➤ MORE INFORMATION

For more information on excise licensing requirements or the cleaner fuels grants scheme, look on our website www.ato.gov.au/excise, 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**.

