

Information Notice

NOTICE RST 13-09
The Retail Sales Tax Act
October 2008
Revised July 2019

NOTICE - SALES OF PROPANE IN PORTABLE CYLINDERS

This notice explains the application of retail sales tax (RST) and fuel tax for businesses that sell propane in portable cylinders designed for barbeques, lanterns and campers.

Sales of Propane Only

Propane delivered from a filling station directly into a tank or refillable container provided by the purchaser is subject to fuel tax at the rate of 3¢ per litre or 6¢ per kilogram. Propane sold this way is not subject to RST.

Sales of Portable Cylinders Only (No Propane)

Sales of propane cylinders are subject to RST at 7 per cent of the selling price. Businesses who sell portable cylinders use their 7-digit RST number to purchase the cylinders tax-exempt and collect RST on the sale of the portable cylinders

Sales of Portable Cylinders (Including Propane)

Propane sold in this way may be sold exempt of RST if the vendor segregates the charge for the propane from the charge for the cylinder on the sales invoice. The vendor would then apply RST to the fair value charge for the cylinder only.

For example, on a sale invoiced as follows, RST will apply only to the selling price of the cylinder:

Portable cylinder	\$10.00
Propane supplied	<u>10.00</u>
Total before tax	20.00
GST – 5%	1.00
RST – 7%	<u>0.70</u>
Total	<u>\$21.70</u>

Propane sold in pre-packaged cylinders at one set price for the propane and the cylinder is subject to RST on the total selling price.

For example, on a sale invoiced as follows, RST will apply to the total charge:

Propane with cylinder	\$20.00
GST – 5%	1.00
RST – 7%	<u>1.40</u>
Total	<u>\$22.40</u>

Note: Revisions to content of previous Bulletin (July 2013) have been identified by shading ().

Exchange Programs

Some businesses offer an exchange program that enables customers that own a propane cylinder to exchange their empty cylinder for a full one. The sale of a full cylinder with an exchange under this type of program is regarded to be the sale of propane only and is exempt from RST.

For example, on a sale invoiced as follows, no RST will apply:

Propane with cylinder exchange	\$10.00
GST – 5%	0.50
RST – 7%	<u>N/A</u>
Total	<u>\$10.50</u>

The initial sale of a cylinder to a customer under an exchange program is subject to tax as described above. A business that retains ownership of the cylinders in an exchange program must pay RST on their original purchase.

For further information, contact Manitoba Finance – Taxation Division:

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