

July 2014

Claim Back the Petrol Increase!

So the petrol price has just gone up another 3 cents per litre. This means you are now paying about 66 cents per litre to the government in taxes. If you are farming you will be able to claim much of this back. Really? I hear you say!

The tax on petrol which is called “Fuel Excise Duty” is a charge to users to help contribute to our roading infrastructure costs in New Zealand. Some of the 66 cents includes ACC charges. So if you use petrol for commercial use, but not on the road, then you will be able to claim back the tax each quarter. Diesel fuel does not have excise duty. Instead the Road User Charges on diesel vehicles is a similar tax, and there is no ability to claim this back.

Our farmers use a lot of petrol in quad bikes and two-wheelers which never go on the road. Petrol in machinery such as chainsaws, generators and the old Fergy tractor can also qualify. Other businesses can make similar claims such as for lawn mowers used on golf courses.

If the petrol is used for sporting or private use such as trial bike riding, speed boat racing or pleasure boats there is no claim available. The catch is that the fuel must be used for commercial use, but not for travelling on the road.

Other fuels which have an excise duty and are able to be claimed back include CNG and LPG.

It can be surprising how much fuel is actually used in motorbikes during a year, and how much the quarterly rebate actually amounts to. Certainly it is an easy source of extra income for farmers, often from \$500 to \$1500 per annum, simply by filling out a few forms.

The application needs to be made to the NZ Transport Agency on the MR70 form. This is accessible on their website www.nzta.govt.nz. There is also a Fact Sheet “Excise Duty” or phone the NZTA office for more information. Applications are made quarterly although they can be backdated 2 years resulting in a 10% penalty. Copies of invoices to show proof of purchase are required, along with a summary of your vehicles which use the fuel.

Although this sounds simple, unfortunately many farmers just don't get “*around to it!*” Don't be one of these people – it really is easy money. If you prefer, your accountant would be able to help with this, especially if they are already completing your GST every two months. Actually at CooperAitken we complete many of these forms on a regular basis for our clients.

So if you use a large amount of petrol on your farm make sure you apply for the Excise Duty Refund.

For more information telephone Coral on 07 889 7153 or 027 285 1106.

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