Fuel tax credits

Fast facts

Overview

Fuel tax credits provides you with a credit (in dollars) for the fuel tax (excise or customs duty) that's included in the price of fuel used in eligible business activities. Before claiming fuel tax credits, make sure:

- the fuel you acquire for use is eligible
- the business activities are eligible.

Check the fuel you used is eligible

- Fuels that are eligible for fuel tax credits include:
  - liquid fuels
  - transport gaseous fuels
  - fuel blends.
- Fuels that aren’t eligible if they have no excise or customs duty paid on them.
- Fuels you can’t claim for include:
  - aviation fuels
  - additives
  - non-transport gaseous fuels

- bulk non-transport liquefied petroleum gas (LPG) that hasn't had excise or customs duty paid on it
- fuel that’s used for private purposes.

Check your business activity is eligible

- Heavy vehicles travelling on public roads
  - You can generally claim fuel tax credits for eligible fuels you use in heavy vehicles for travelling on public roads.
  - The fuel must have been used for business purposes in a heavy vehicle that has a gross vehicle mass (GVM) greater than 4.5 tonnes.
  - Diesel vehicles acquired before 1 July 2006 can be equal to 4.5 tonnes GVM.
  - You can’t claim fuel tax credits for fuels you use in light vehicles of 4.5 tonnes GVM or less, travelling on public roads (for example, a car, four-wheel drive, utility, small van, taxi or ride-sourcing services).
  - To claim fuel tax credits for heavy diesel vehicles manufactured before 1 January 1996, you must meet specific environmental criteria.
- All other business uses. You may be able to claim fuel tax credits for eligible fuels you use in all other business activities such as:
  - travel on private roads and travel off public roads in light or heavy vehicles
  - for powering auxiliary equipment in heavy vehicles
  - for non-fuel uses
  - for packaging or supplying eligible fuels
  - for eligible business activities, for example agriculture, construction and wholesale/retail.

The ATO Fuel tax credit eligibility tool helps you find out if you can claim fuel tax credits for fuel you acquire and use in your business. You can use this tool to identify general eligibility requirements. It doesn't cover everything so check the rules that may be specific to your fuel and business activity.

Information you need to calculate your fuel tax credits claim

Once you've identified that your fuel and business activity are eligible for fuel tax credits, calculate your claim. To do this, you'll need to know:

- what fuel tax credit rate applies
- how many litres of fuel you can claim
- what method to use to calculate your fuel tax credits claim.

What fuel tax credit rate applies?

There are 2 fuel tax credit rates for liquid fuels such as diesel and petrol. These are:

- the rate for fuel used in heavy vehicles for travelling on public roads
- the rate for all other business uses.

There are different fuel tax credit rates for other fuels such as biodiesel, gaseous fuels such as compressed natural gas (CNG) and liquefied natural gas (LNG).

You may need to know the rates to help work out how many litres of fuel to claim.

When you claim fuel tax credits, you must use the rate that applies on the date you acquired the fuel.

Working out how many litres of fuel you can claim

- To work out fuel quantity, you can use any of the following commonly used methods for apportionment:
  - constructive method
  - deductive method
  - percentage use method.

Calculate your fuel tax credits claim

You may be able to use one of the simplified methods to calculate your claim:

- Simplified methods for claims less than $10,000 each year:
  - the basic method for heavy vehicles
  - use the rate that applies at the end of the business activity statement (BAS) period
  - work out the litres of fuel purchased
  - simplified record keeping.
- Simplified methods for all claims:
  - heavy vehicles used mainly off public roads
  - simplified method for calculating fuel used in heavy vehicles with auxiliary equipment.

You can use the ATO Fuel tax credit calculator to help calculate most simplified fuel tax credit claims, as well as general claims. It provides options for calculating:

- claims on an original BAS
- claims using simplified fuel tax credits

- an adjustment or correction for a previous BAS.

Claiming fuel tax credits

To claim fuel tax credits, you must be registered for GST and for fuel tax credits.

You claim fuel tax credits on your BAS at:

- 7D – Fuel tax credit. Include all the fuel tax credits you're entitled to for the tax period in this label.
- 7C – Fuel tax credit overclaim. Only complete this label if you need to decrease your entitlement to a fuel tax credit you previously claimed.

Fuel tax credits are assessable income and must be included in the tax return at assessable government industry payments.

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