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Fuel Tax Credits Expanded from 1st July 2008 – Can your business benefit?

The Fuel Tax Credits scheme (FTC) entered its second implementation phase on the 1st July 2008. The FTC scheme provides businesses with a credit for the fuel tax included in the price of fuel they use in any business activities, machinery, plant, equipment and heavy vehicles. Under the second phase businesses will be able to claim a half credit (currently 19.07 cents per litre) for taxable fuel acquired for use in off road activities that previously did not qualify for a full tax credit.

You must be registered for both GST and fuel tax credits before you can make a claim on your BAS. Despite not previously being eligible you may be able to claim fuel tax credits for fuel you acquire, manufacture or import for use in your business activities from 1 July 2008.

The major feature of the second phase implementation is the expansion of eligible off- road fuel use in certain activities and industries. Outlined below are a number of examples that may apply to your business;

- Agriculture – including business of breeding or rearing horses for show or racing and distributing, manufacturing or marketing produce;
- Civil Construction – including infrastructure maintenance and construction, gas reticulation, earthworks or roadwork, public utilities and telecommunication providers;
- Extractive Industries – including dredging, quarrying and preparation of rock;
- Forestry – including constructing or maintaining a sawmill, chip mill or other processing facility;
- Marine Transport – including planning, developing construction, operating or maintaining waterways, ports, docks, marinas or their associated infrastructure;
- Mining – including quarrying, dredging, extraction of gravel, sand, soil and a number of other elements;
- Manufacturing & Wholesaling – including beverages, wood, food, minerals, paper and use of equipment to load and unload material within the factory;
- Property Management – including operation of lawn mowers

- and other equipment;
- Recreation, sport or tourism – including operating a business involving recreational equipment.

For the duration of the second phase (1 July 2008 to 30 June 2012) these new eligible activities will receive a credit of approximately 19 cents per litre. **In addition petrol will become an eligible off-road fuel and will receive credits at the same rate as diesel.**

Examples of equipment that will become eligible as part of the second phase implementation include;

- All terrain bikes (off-road use);
- Backhoes, blower vacuums, bobcats and bulldozers;
- Cement mixers, chainsaws, compactors, compressors, cranes and crushes;
- Dredges and drills;
- Excavators and front end loaders;
- Graders, hoists and lawn mowers;
- Motorcycles (off-road);
- Outboard motors and pumps; and
- Wacker-packers, whipper-snippers and winches.

What you need to do.

Call your local Forsyths office today to ensure you maximise your entitlements from 1 July 2008.

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Coonabarabran p 6842 0000

Gunnedah p 6748 5000

Tamworth p 6763 0100