



Power Take Off (PTO) Tax Refund on Fuel Expenses

What is Power Takeoff (PTO) Equipment?

Power take off equipment is qualifying auxiliary equipment added to a licensed motor vehicle that uses clear diesel fuel, gasoline or propane from the vehicle's fuel tank(s).

Examples of power takeoff applications include but are not limited to:

- Raising a dump truck bed
- Operating a Hydro Vac truck
- Operating the mechanical arm on a bucket truck
- Operating a winch on a tow truck
- Operating the compactor on a garbage truck
- Operating a Hiab/Grapple truck

Are you eligible for a refund?

If you paid tax on fuel used in Ontario to operate power take off equipment, you may be able to receive a refund. To get a power take off tax refund, you have to:

- Use the power take off equipment in Ontario
- Use fuel from the licensed vehicle's operating fuel tank to run the power takeoff equipment (Where the auxiliary equipment of a motor vehicle has its own separate fuel tank, coloured fuel should be used; no refund is available if clear fuel is used)
- Not use the power from the power takeoff equipment to drive the motor vehicle
- Not use the motor vehicle in any way to transport passengers
- Not use the power takeoff equipment for personal use, pleasure or recreation, and
- Have paid fuel tax to Ontario You must apply for a refund within four years of paying the fuel tax

How to calculate the refund?

Before July, 2017, the PTO refundable litres is calculated based on approved allowance factor determined by the make and model of each specific power take off equipment, or if the PTO unit itself has a fuel metering device, it can be based on the amount of fuel consumed by the PTO unit. Please contact the Ministry of Finance at 1-866-668-8297 if you do are uncertain which allowance may apply to your business.

Starting July 2017, the PTO refund is based on litres of fuel purchased and a pre-determined allowance rate on the type of auxiliary equipment for which the fuel was purchased. The refund ranges from 5 percent for equipment such as line painters, log loaders, and street sweepers, to 40 percent for vacuum/hydro vac trucks over 600 horsepower. Please see appendix A for a list of the PTO allowance chart.

For example, ABC Inc. owns a dump truck. The vehicle dispensed 100,000 litres of diesel from January 1, 2018 to December 31, 2018. The PTO allowance rate on the dump truck is 10%.

The refundable PTO litres is calculated as $100,000 \times 10\% = 10,000$. The tax rate on diesel is \$0.143. And therefore the refund can be claimed will be $\$0.143 \times 10,000 = \$1,430$.

For interjurisdictional carrier vehicles, the refund is prorated based on number of kilometres travelled in Ontario

How to claim the refund?

The refund claim must be filed ***within four years*** of paying the tax.

Complete the form Application for Refund Auxiliary Power Take Off (PTO) Equipment.

A separate Application for Refund for each product type – gasoline, propane or clear fuel must be prepared.

The supporting documents that are required include:



- Fuel invoices (including selling price per litre, amount of tax charged, quantity of product purchased, date of purchase)
- A monthly summary of fuel purchase broken down by each vehicle.

If the total of all refunds for a calendar year exceeds \$500:

- Include all supporting documents with your application.
- Keep copies of all records for seven years for audit purposes.

If the total of all refunds for a calendar year does not exceed \$500

- You do not need to send supporting documents with your application
- Keep your records for seven years in case the ministry audits you.

Appendix A

PTO allowance chart

40%	Vacuum/Hydro Vac Trucks over 600hp
30%	Paper Shredders Ready Mix Trucks
25%	Vacuum/Hydro Vac Trucks over 300 - 599hp
20%	Cranes Rated over 11 tons capacity Hydracrete Pump Tow Trucks (Heavy Tows)
15%	Blower Vacuum/Hydro Vac trucks up to 299hp

10%	Carpet/Duct Cleaning & Mobile Washing Fire Vehicles, Loading / Dumping Garbage Packers (Front/ Rear or Side Loaders) Lugger Unit, Mobil Feed Mills, Pumping Reefer/ Temperature Controlled Roll Off Unit, Salting/Sanding , Stone Slingers Utility Vehicles (Aerial Buckets, Cranes Rated up to 11 tons capacity, Digger Derrick, Tow Trucks) Waste Disposal/ Recycling Well Drilling and Winch Cable Truck
5%	Auto Transport, Foam Sprayers Line Painters, Log Loaders and Street Sweepers

Tax Rate

Produce	Ontario Tax Rate
Unleaded gasoline	0.147
Propane	0.043
Clear diesel	0.143

¹ <https://www.fin.gov.on.ca/en/refund/pto/index.html>