

# Alberta's Fuel Tax Relief Program

Helping Albertans cope with high fuel costs



## How the program works

On Jan. 1, 2023, Alberta's government lifted the full provincial fuel tax on gasoline and diesel. The tax had been in place at a reduced rate, of 4.5 cents per litre, for the last quarter of 2022 through Alberta's Fuel Tax Relief Program. Alberta drivers now save the full 13-cent provincial fuel tax every time they fill up their vehicle.

The Fuel Tax Relief Program delivers direct savings to Albertans and Alberta businesses on the following types of fuel:

- Gasoline: 13 cents per litre
- Diesel: 13 cents per litre
- Marked gasoline: 4 cents per litre
- Marked diesel: 4 cents per litre

Albertans will continue to save the full provincial fuel tax until at least June 30, 2023.



## How much drivers save when filling up

Vehicle (tank size in litres)	\$ saved per fillup	\$ per month (4 fillups)	\$ for 3 months
Semi-trailer (1,364L)	\$185.50	\$742.02	\$2,226.05
Ford F-150 (136L)	\$18.50	\$73.98	\$221.95
Grand Cherokee (93L)	\$12.65	\$50.59	\$151.78
Toyota Corolla (50L)	\$6.80	\$27.20	\$81.60

*These average amounts are based on savings of 13 cents on the provincial fuel tax plus the associated GST for a total savings of around 13.6 cents per litre.*



## How the program is helping Albertans

By the end of 2022, the program had saved Albertans an estimated \$850 million dollars in fuel tax relief. Albertans continue to pay some of the lowest gas prices in the country.

The measure has helped slow inflation in our province, giving Albertans real relief when they've needed it the most.



## What goes into the price of fuel

Alberta's fuel tax is just one factor that influences the price Albertans pay at the pumps. In addition to the cost of crude feedstock, the pump price for gasoline includes the costs of intermediate services such as refining, blending and distributing the gasoline from refiner to gas station. Unlike fuel tax rates, which are more stable, these other factors depend on market conditions and can be volatile.

### ALBERTA FUEL PRICE BREAKDOWN

(cents per litre – January 10, 2023)<sup>1</sup>

	GASOLINE		DIESEL	
	Component Share of Price (¢/L)	Component Share of Price (%)	Component Share of Price (¢/L)	Component Share of Price (%)
Raw Commodity Cost (and Other) <sup>2</sup>	54.75	43.5%	54.73	31.2%
Refining Margin	35.00	27.8%	68.90	39.2%
Marketing Margin	9.20	7.3%	26.20	14.9%
Alberta Fuel Tax <sup>3</sup>	-	0.0%	-	0.0%
Federal Fuel Tax	10.00	7.9%	4.00	2.3%
Federal Carbon Tax <sup>4</sup>	11.05	8.8%	13.41	7.6%
GST <sup>5</sup>	6.00	4.8%	8.36	4.8%
<b>Retail Price of Fuel</b>	<b>126.00</b>	<b>100.0%</b>	<b>175.60</b>	<b>100.0%</b>

Sources: Alberta Treasury Board and Finance and Kalibrate

1. Based on the simple weighted-average retail price of fuel in Alberta (as calculated by Kalibrate) for the week ending January 10, 2023.
2. 'Raw commodity cost (and other)' is calculated as the residual after subtracting all taxes and other price components from the total price of fuel.
3. Starting January 1, 2023, the Alberta fuel tax will be fully paused until at least June 30, 2023.
4. Based on the current federal carbon price of \$50 per tonne.
5. GST is estimated based on the average retail price of fuel shown in the table.



## Why fuel prices fluctuate

The market determines gasoline prices in Alberta. While crude oil price is one component that influences gasoline prices, other supply-and-demand factors — which can vary by region — also play a role. Refining capacity, unplanned refinery outages, inventory levels and consumer demand all impact the price at the pump.



## The future of Alberta's Fuel Tax Relief Program

After June 2023, Albertans will continue to benefit from fuel tax relief in a staged approach based on the average price of West Texas Intermediate (WTI) crude oil:

WTI price (average per barrel)	Outcome	Fuel tax rate
\$90 or more	Collection paused	0 cents/litre
\$85 to \$89.99	Partial collection	4.5 cents/litre
\$80 to \$84.99	Partial collection	9 cents/litre
\$79.99 or less	Full collection	13 cents/litre

Alberta's government bases its oil price calculations on the 20 trading days immediately preceding the 16th day of the final month in the quarter. The government will conduct another review of the program in mid-June and provide an update before the start of the next quarter (on July 1, 2023).

Visit [Alberta.ca/costsavings](https://alberta.ca/costsavings) for more information

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