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Tax Alert – Canada

Federal excise tax on fuel temporarily suspended

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

On 14 April 2026, Canada [announced](#) it will temporarily suspend the fuel excise tax on gasoline, diesel and aviation fuel levied under Part III of the *Excise Tax Act* (ETA). This measure will apply to gasoline, unleaded aviation gasoline, diesel fuel and aviation fuel for which the tax becomes payable after 19 April 2026 and before 8 September 2026.

The federal government indicated this measure is intended to provide relief from rising fuel prices resulting from recent global oil disruptions.

On the same day, the federal government announced it will table its spring economic update on 28 April 2026.

Background

Section 23 of the ETA imposes an excise tax on gasoline, aviation gasoline, diesel and aviation fuel that is imported into Canada, or manufactured or produced in Canada and delivered to a purchaser. Excise tax on imported gasoline, diesel and aviation fuel is payable on the value for duty (as determined under the *Customs Act*) by the importer, owner or other person liable to pay duties under that Act. Where fuel is manufactured or produced and sold in Canada, tax applies on the sale price and is payable by the manufacturer or wholesaler on delivery to a retailer. Gasoline or diesel fuel that is delivered by or on behalf of a manufacturer or producer to a retail outlet is deemed to have been sold and delivered to a purchaser.



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Current excise tax rates on fuel are set out below:

Fuel type	Tax rate
Gasoline (unleaded)	10¢/L
Aviation gasoline (unleaded)	10¢/L
Diesel fuel	4¢/L
Aviation fuel (other than aviation gasoline)	4¢/L
Gasoline (leaded)	11¢/L
Aviation gasoline (leaded)	11¢/L

The excise tax on fuel does not apply to heating oil, natural gas or propane.

Excise tax holiday

On 14 April 2026, Prime Minister Mark Carney announced that Canada will temporarily suspend the federal excise tax on unleaded gasoline, unleaded aviation gasoline, diesel fuel and aviation fuel that becomes payable on or after 20 April 2026 and before 8 September 2026.

On the same day, the Department of Finance introduced legislative amendments to Schedule I of the ETA that will set the tax rate on these fuels to zero for that period.¹

Learn more

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¹ Excise tax will continue to apply to leaded gasoline and leaded aviation gasoline during the tax holiday period.

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