

## THE PROPER REPORTING OF DYED FUEL SALES & THE USE OF DYED FUEL DURING A PROCLAIMED EMERGENCY

On November 9, 2012 the Pennsylvania Department of Revenue announced that it would not impose civil or criminal penalties when dyed diesel fuel is sold for use on the public highways of Pennsylvania from October 30, 2012 through November 20, 2012, when the appropriate fuel tax (\$0.381/gallon) was paid.

It is the Department of Revenue's position that the federal waiver (IR-2012-85) to sell dyed fuel for on road use makes the dyed fuel subject to normal fuel taxation, the same as normal everyday clear diesel. Therefore, as under normal practices, a registered distributor should charge and remit the tax on this fuel when it is sold to a non-registered distributor for highway use.

To assist distributors and motor carriers with the reporting and record-keeping requirements needed during this time, the department offers the following information.

### DYED FUEL SALES THAT ARE SUBJECT TO FUELS TAX

If you are a **non-licensed distributor** (i.e. retail service station) and you purchased un-taxed dyed diesel fuel for sale as highway fuel, you will need to contact the Bureau of Motor and Alternative Fuel Taxes at 1-800-482-4382 to make arrangements to pay the appropriate taxes (\$0.381/gallon). If you purchased taxed dyed diesel fuel for sale as highway fuel, we encourage you to keep accurate records of the purchase in the event you are audited.

If you are a **licensed distributor** that sold un-taxed dyed diesel fuel to a non-licensed distributor for highway use, you are encouraged to contact the Bureau of Motor and Alternative Fuel Taxes at 1-800-482-4382 for guidance in making arrangements to pay the appropriate taxes.

### REPORTING REQUIREMENTS:

If you are a **licensed distributor** that properly collected the tax (\$0.381/gallon) when you sold dyed diesel fuel for on highway use, you must complete the following:

#### Form **REV-1020** - Registered Distributor's Disbursement Schedule

- Write "Dyed Diesel Sales for Emergency Use" at the top, right-side of your form REV-1020,
- Under SCHEDULE TYPE circle the row for Number 5 "Gallons Delivered Tax Collected (Taxable Sales)", then
- Under PRODUCT TYPE circle "227 Low Sulfur Diesel Fuel – Dyed",
- Complete the remainder of the form as is normally required.

If you are an **IFTA motor carrier** you must complete your [IFTA 101 – IFTA Quarterly Fuel Tax Schedule](#) for the fourth Quarter of 2012 as follows.

- If all fuel purchased was clear diesel, you will complete the form(s) as is normally required.
- If any of the fuel purchased was dyed diesel, you will need to read the following information:

If you purchased and/or used dyed fuel in your motor vehicle during the waiver period, you must remember that IFTA regulations require that all fuel placed in the fuel supply tank of a motor vehicle is taxable. Therefore these rules apply:

BUREAU OF MOTOR FUEL TAXES

- You are still required to report the total miles driven in the quarter in Section A on your return and the corresponding jurisdiction mileage in Section H.
- In Section D (Total Gallons) you will report all gallons used during the quarter. This will include both clear and dyed fuels.
- However, in Section L (Tax Paid Gallons) you are only allowed to claim gallons where you can support that the appropriate jurisdictional taxes were paid. *Reminder: If you purchased tax paid dyed fuel for highway use, you would then include these gallons here.*
- Complete the remainder of the form as is normally required.

**IMPORTANT REMINDERS:**

It is important to remember that once dye gets into a fuel tank, it can persist for quite a long time. Vehicle operators may acquire dyed fuel without being aware of it, and may be penalized after the waiver period ends (November 20, 2102) due to residual dye in a fuel tank. Therefore, we recommend that operators should attempt to run the vehicles tank as near to empty as possible before re-fueling with clear diesel, since it will take a few fill ups to remove the dye completely from the vehicles tank.

Another important item to remember is that the federal dyed fuel waiver (IR-2012-85) only applies to New Jersey, New York and Pennsylvania. If your vehicle leaves the three-state waiver area, the dyed fuel could become subject to penalties in other jurisdictions. Penalty relief outside the waiver area and after the waiver period has expired will be determined by each individual jurisdiction's enforcement rules. If you are concerned about potential penalties, we suggest that if you purchased dyed fuel for highway use from a retail station, that you keep a copy of the fuel purchase receipt for your records.

Finally, please note that if you operate a particular diesel powered motor vehicle only occasionally, and if you filled its tank with dyed fuel during the waiver period, you should also attempt to run the tank to as near empty as possible, before you fill up again with clear diesel. Remember it will take a few fill ups to completely remove the dye from your tank.

If you have additional questions regarding dyed fuel usage on the public highways and recordkeeping for the usage thereof during this emergency waiver period, contact the Bureau of Motor and Alternative Fuel Taxes at 1-800-482-4382.