

Washington State Fuel Tax Compliance Manual



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Introduction

Fuel tax is used to fund and support Washington State transportation systems. The Fuel Tax Compliance Manual provides definitions, tax return and supporting document instructions, and due dates to report and pay fuel tax to the Department of Licensing, Fuel Tax Services section.

Applicable Washington Laws and Rules

Motor and Special fuel

- Revised Code of Washington (RCW) 82.38:
<https://app.leg.wa.gov/RCW/default.aspx?cite=82.38>,
- Washington Administrative Code (WAC) 308-77:
<https://app.leg.wa.gov/wac/default.aspx?cite=308-77>.

Aircraft fuel laws,

- RCW 82.42:
<https://app.leg.wa.gov/RCW/default.aspx?cite=82.42>.
- WAC 308-78:
<https://app.leg.wa.gov/wac/default.aspx?cite=308-78>

Contact Information

We are here to answer any of your fuel tax questions regarding:

- applying for licensure.
- instructions for filing your fuel tax return.
- guidance for electronic filing through the Taxpayer Access Point (TAP).
- reporting individual transactions.
- payment instructions.
- other general fuel tax questions.

We are available Monday through Friday from 8:00 am to 5:00 pm Pacific Time.

Phone: (360) 664-1852

Email: FuelTax@dol.wa.gov

TAP: [https://wadolprft.gentax.com/TAP/ /](https://wadolprft.gentax.com/TAP/)

Mail to:

Department of Licensing
PRFT, Fuel Tax Services
PO Box 9228
Olympia WA 98507-9228

Make payments payable to “Department of Licensing.”

Tax Structure

Washington is a “tax-at-the-rack” state for motor and special fuel. These products are generally taxed when fuel is:

- removed from a Washington terminal.
- imported into Washington.
- blended with non-taxed products.
- produced outside of the terminal but within Washington State.

Note: *Aircraft fuel is taxed at the distributor level.*

Fuel Licenses and Registrations

Supplier License: Authorizes the purchase, sale, and storage of non-taxed motor or special fuel within the bulk transfer terminal system. Licensed suppliers may also blend, import, export, and sell non-taxed fuel to qualifying entities.

Blender License: Authorizes the blending of taxed fuel outside the bulk transfer terminal system with other untaxed products to produce motor and special fuel.

Distributor License: Authorizes the purchase of non-taxed motor or special fuel at the terminal from a licensed supplier for immediate export; import of fuel outside the bulk transfer terminal system; and, the tax deferred purchase of fuel from a licensed supplier.

Aircraft Distributor License: Authorizes the purchase and sale of non-taxed jet fuel or aviation gasoline fuel to qualifying entities.

Aircraft Bulk Fuel Exemption Certificate: Authorizes the tax-exempt purchase of fuel delivered to bulk storage for use in flight operations:

- as an air carrier.
- as a supplemental air carrier.
- for agricultural use.

Terminal Operator License: The owner, operator, or controller of an IRS registered terminal.

Fuel Carrier Registration: A person or entity who hauls, delivers, or transports fuel within Washington as a common carrier or via rail tank car.

Heating Oil Distributor License: Visit the Pollution Liability Insurance Agency (PLIA) at <http://www.plia.wa.gov/>

Filing Methods

Electronic filing is recommended. It enables licensees to file, pay, claim fuel tax refunds, and manage their accounts through the Taxpayer Access Point (TAP) or file in XML format. It shortens processing time, eliminates paper and postage costs, and allows the licensee to view the status of submitted tax returns.

You may file through:

- **TAP** at: <https://wadolprft.gentax.com/TAP/> .

For instructions on how to file in TAP, see:

<https://www.dol.wa.gov/vehicleregistration/docs/how-to-file-fuel-tax-returns-in-tap.pdf>

When filing via TAP, you may choose to enter each receipt or disbursement transaction individually or upload our Excel template containing your tax information. In order to use the template:

- 1) Go to <https://www.dol.wa.gov/vehicleregistration/tap.html>
 - 2) Look for “Fuel Tax Return Upload templates”.
 - a. Fuel Supplier
 - b. Fuel Distributor
 - c. Fuel Blender
 - d. Aircraft Distributor
 - e. Terminal Operator
 - f. Fuel Carrier
 - 3) Download the template that corresponds to your license.
 - 4) Report all transactions for the month by completing the fields in the template.
 - a. No decimals are allowed. You must report in whole gallons.
 - b. Do not alter the template in any way (formatting, formulas, font, etc.)
 - 5) Save the file on your computer as an .xlsm or .xlsx file.
 - 6) Log into your Taxpayer Access Point (TAP) account:
<https://wadolprft.gentax.com/TAP/> .
 - 7) Select your account number and click “File Now” for the correct period.
 - 8) Select the “Import” button to upload the saved template.
- **XML**, send email inquiries to: FTXMLReporting@dol.wa.gov.
 - **Paper returns**, forms located at: <http://www.dol.wa.gov/forms/formsprft.html>.

General Information

- You cannot take credit for lost or destroyed fuel on your tax return. Fuel lost through evaporation, shrinkage, or unknown causes is not refundable. However, you may file a claim for Washington fuel tax paid on fuel lost through:
 - fire
 - lightning
 - flood
 - wind storm
 - explosion
 - leakage (500 gallons or more)
 - clear special fuel accidentally dyed or mixed with motor fuel
 - In order to be refunded, mixed fuel must be returned to an IRS registered terminal.

For more information, see RCW 82.38.180 at:

<https://app.leg.wa.gov/RCW/default.aspx?cite=82.38.180>.

- Ethanol, biodiesel, and butane (when used as a blending component) are fully taxable.
- It is the responsibility of a fuel seller to confirm license status of the purchaser before disbursing tax-exempt fuel:
 - Licensed distributors may purchase tax-exempt fuel at the terminal from licensed suppliers only when it is for immediate export.
 - Licensed distributors qualify for a tax-deferral See RCW 82.38.160: <https://app.leg.wa.gov/RCW/default.aspx?cite=82.38.160>
 - Licensed suppliers may only purchase tax-exempt fuel at the terminal or within the bulk transfer terminal system.

Reporting Requirements

Due Dates: Fuel tax returns and reports are typically due on the 25th of each month following the reporting period. Failure to file a monthly tax return will result in the revocation of a license. For a current list of tax return and payment due dates, visit our website:

Motor and Special fuel: <http://www.dol.wa.gov/vehicleregistration/ftmotorspecial.html>

Aircraft fuel: <http://www.dol.wa.gov/vehicleregistration/ftaircraft.html>

Payments: All payments of \$50,000 or greater must be made in electronic funds (EFT). Contact our office at 360-664-1852 for EFT instructions.

Amended Tax Returns

When filing via:

- **TAP** - Make the necessary corrections to your return and resubmit the return showing all transactions as they should have been reported initially. In the licensee comments box, provide the reason for the amendment.
- **XML** - If you file using XML, please check with your software support and the Motor Fuel Excise Tax (MFET) Developer's Handbook for schema instructions before submitting an amended return to ensure accuracy.
- **Paper Return** - Correct the first page of the return to show the correct amounts. Report *only* the transactions that need to be added or deleted. Please do not re-submit the entire schedule.

Note: *Amendments for all periods prior to July 2016, must be submitted via paper, using the appropriate tax return forms and schedules. Amended returns must be received within five years following either the reporting period due date or the date the original return is filed, whichever is later. These forms are available on our website:*

<https://www.dol.wa.gov/forms/formsprft.html>.

Records Retention

Fuel records must be kept for five years for all fuel received, sold, distributed, or used for your own consumption. These include invoices, bills of lading, and other documents. Your account is subject to audit at any time.

Applying for Licensure

Who needs a license or registration?

Entities who wish to do any of the following:

- supply, import, export, and/or blend motor or special fuel for sale.
- distribute, import, store, or buy and sell tax-exempt aircraft fuel.
- operate IRS registered terminals.
- haul, deliver, or transport fuel for others via rail tank car or as a common carrier.

How do I apply?

- Online through the [PRFT Taxpayer Access Point](#) (TAP), or
- By submitting a completed [Fuel Tax Application](#) to:
Department of Licensing
Prorate and Fuel Tax
PO Box 9228
Olympia, WA 98507-9228

What are the advantages of applying through TAP?

- quicker review and approval.
- ability to view application status online.
- increased accuracy.
- it's paperless.

After licensure, you can manage your account online by:

- adding users and apply for additional accounts.
- updating your contact information.
- submitting tax returns and amendments.
- viewing balances, correspondence, and submitted returns and payments/refunds issued.
- making payments.
- requesting refunds.

What do I need to apply?

You must become properly licensed to do business in Washington. For details, contact the Washington Department of Revenue at 1-800-647-7706 and the Office of the Secretary of State (Corporations and Charities Division) at 360-725-0377.

An application for each license is required.

A fuel tax bond is also required for all licenses except Terminal Operators and Fuel Carriers. The total amount of the bond, per license, is 3 times the estimated monthly fuel tax liability and must be between \$5,000 and \$100,000.

Other requirements vary based on the license type. See the appropriate section for these requirements.

Fuel Supplier

What can I do as a Supplier?

A supplier can:

- buy and sell tax-exempt fuel within the bulk transfer terminal system.
- hold tax-free inventory in IRS registered terminals.
- blend, import, and export fuel.

Note: *Fuel Suppliers are generally not tax-exempt entities and cannot legally purchase tax-exempt fuel outside of the bulk transfer terminal system unless it happens on terminal grounds.*

What documents do I need to apply for this license?

- An application completed:
 - online on TAP at <https://wadolprft.gentax.com/TAP/>, or
 - by paper form available at <https://dol.wa.gov/sites/default/files/forms/441750.pdf>.
- A copy of the Form 637 from the Internal Revenue Service authorizing tax-free transactions in the bulk transfer terminal system.
- Copies of fuel licenses from other jurisdictions if you plan to import or export fuel.
- Proof of motor and special fuel bond coverage – equal to 3 times the estimated monthly fuel tax liability. It must be between \$5,000 and \$100,000. This coverage may be any of the following:
 - surety fuel tax bond completed by your insurance company at: <https://dol.wa.gov/sites/default/files/forms/441541.pdf>. The bond form must be notarized and a Power of Attorney must be included.
 - Time Certificate of Deposit from your bank
 - cash bond (contact us at (360) 664-1852 for instructions)

What do I have to do to maintain my license?

- Report and pay timely each month – even if you have not operated in Washington (see details in the General Information section on page 6.)
- Comply with Washington State fuel tax statutes and rules
 - Fuel Tax statutes: <https://app.leg.wa.gov/RCW/default.aspx?cite=82.38>
 - Washington Administrative Code: <https://app.leg.wa.gov/WAC/default.aspx?cite=308-77>
- Maintain proper bond coverage as required by law.

What are the reporting requirements for Fuel Suppliers?

- All fields are required, including the accurate net, gross, and billed gallons.
- Butane, biodiesel, ethanol, trans-mix, and other blending products must be reported in addition to all motor and special fuel.
- If the origin or destination of the fuel is an IRS terminal or refinery, you must report the correct terminal or refinery control number as assigned by the IRS
- If the origin or destination of the fuel is not an IRS terminal or refinery, you must report the city and state.

- Report the correct Federal Employer Identification Number (FEIN) for all buyers, sellers, and carriers.
- Report bill of lading (BOL) numbers in the document number field. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.
- Report in whole gallons.
- Dyed diesel transactions between licensees below the rack on terminal grounds (or leaving or entering the terminal) must be reported on the supplier return.
- When reporting imports or exports of fuel from other jurisdictions, the exporter in the origin jurisdiction must be the importer in the destination jurisdiction. Fuel cannot change hands at the border.
- All transactions must be reported in the period in which they occur. Adjustments to prior periods must be made by amending the period in which the original transaction took place. Out of period transactions will be denied.
- Report fuel transactions occurring on terminal grounds, but not within the terminal.
- Report fuel entering or leaving the terminal (these transactions will also be reported on the Terminal Operator report).

Note: *Transactions occurring inside IRS registered terminals are reported on the Terminal Operator report, not on the supplier tax return.*

Receipts Schedules

Schedule 1: **Gallons received tax paid** - Use this schedule to report purchases of:

- undyed fuel when Washington fuel tax was paid to the seller at the time of purchase.
- dyed fuel (which is always purchased without fuel tax) received outside the bulk transfer terminal system.

Schedule 2A: **Gallons received from Washington terminals or refineries, tax-exempt** - Use this schedule to report Washington tax-exempt fuel (including dyed fuel) received from IRS registered terminals or refineries.

- You must report the origin terminal or refinery number.
- Sales occurring inside the terminal are reported by the Terminal Operator and should not be included on the supplier tax return.

Schedule 2B: **Gallons received tax-exempt blend stock** - Use this schedule to report receipt of tax-exempt blend stock.

- Blend stock includes butane and trans-mix in addition to others.
- For a list of product codes and additives see:
<https://www.irs.gov/businesses/small-businesses-self-employed/product-code-and-quantity-reporting>.

Schedule 3: **Gallons imported below terminal** - Use this schedule to report fuel, including dyed diesel, imported outside the bulk transfer terminal system, via truck or rail.

- The origin of the fuel must be outside the state of Washington.
- The destination must be outside of the bulk transfer terminal system.

- Schedule 4: **Gallons imported to tax-exempt storage terminal by truck/rail** - Use this schedule to report fuel, including dyed diesel, imported outside the bulk transfer terminal system to an IRS registered terminal or refinery, by truck or rail.
- You must list the destination terminal or refinery number.
 - The origin of the fuel must be from outside the state of Washington.

Disbursements Schedules

- Schedule 6A: **Gallons sold tax-exempt to licensed distributors for export** - Use this schedule to report gallons sold tax-exempt to licensed distributors for export (including dyed fuel).
- These sales must occur at an IRS registered Washington terminal.
 - The fuel must be exported immediately with no diversions.
 - It cannot be held in bulk storage in Washington prior to export.

- Schedule 6D: **Gallons sold tax-exempt to other licensed suppliers** - Use this schedule to report fuel sales to other licensed suppliers at the terminal (including dyed fuel).
- Sales occurring within the terminal will be reported by the Terminal Operator.
 - A valid origin terminal number must be reported.
 - Any sales occurring outside of terminal grounds are taxable, regardless of license status.

- Schedule 6F: **Gallons sold to IFTA authorized carriers OR sales of dyed diesel delivered to a WA licensee** - Use this schedule to report sales to International Fuel Tax Agreement (IFTA) authorized carriers and for sales of dyed diesel to Washington fuel tax licensees.
- Do not report dyed diesel sales to unlicensed companies, or sales of other fuel to licensed distributors or suppliers on this schedule.

- Schedule 6Z: **Gallons sold for racing** - Use this schedule to report motor fuel sales of racing fuel.
- The fuel sold cannot be legal for on-road use.

- Schedule 7: **Gallons exported** - Use this schedule to report fuel exported to other states or countries when you own the fuel at the time of export.
- The fuel must be taken to a jurisdiction outside Washington to qualify for this exemption (Note: RCW 82.38.020(12) defines exports and certain limitations).
 - You must also be the importer in the destination jurisdiction.

- Schedule 8: **Gallons sold tax-exempt to federal government** - Use this schedule to report all sales of special fuel to the federal government.

Gallons sold tax-exempt to US Armed Forces or National Guard for export - Use this schedule to report sales of motor fuel to the federal government for export only.

Schedule 10C: **Gallons sold tax-exempt to urban passenger transportation systems** - Use this schedule to report sales of special fuel and dyed special fuel to urban passenger transportation systems.

- Sales of motor fuel do not qualify for this exemption.
- If selling motor fuel, you must charge fuel tax.

Schedule 10D: **Credit card sales to tax-exempt foreign diplomatic and consular missions** - Use this schedule to report credit card sales of motor fuel to foreign diplomatic and consular mission personnel.

- The name of the country must be reported and must offer a similar exemption to US personnel in like positions.
- Sales of special fuel do not qualify for this exemption.

Schedule 10F: **Gallons delivered to a tax-exempt storage Washington terminal** - Use this schedule to report deliveries of fuel to IRS registered terminals or refineries in Washington.

- This schedule should only be used to report disbursements to your own inventory in the terminal or refinery.
- If selling to a licensed supplier at the terminal, use schedule 6D.
- Sales occurring inside the terminal are reported by the Terminal Operator and should not be included on the supplier tax return.

Schedule 10G: **Gallons sold to other tax-exempt entities** - Use this schedule to report sales to other tax-exempt entities. These exemptions are specified in Washington law (RCW 82.38.080).

Note: *Washington licensed suppliers are not tax-exempt entities and should not be reported on this schedule. Proof of tax-exempt status under current law may be requested prior to approving a return with this exemption included.*

Schedule 13X: **Gallons of biodiesel rebranded to dyed** - Use this schedule to report gallons of biodiesel dyed outside of the bulk transfer terminal system.

- Only the biodiesel portion of a blend (B00) should be reported.

Note: *It is illegal to dye petroleum products outside of the terminal. Fuel dyed within the terminal will not be reported on the supplier return.*

Frequently Asked Questions**1. As a supplier, are all my fuel transactions tax-exempt?**

No. Suppliers cannot legally purchase tax-exempt fuel outside of the bulk transfer terminal system unless it happens on terminal grounds.

2. Who is responsible to verify the license status of customers?

It is the responsibility of the seller to verify the license status of the buyer, to ensure appropriate fuel tax is collected at the time of sale. Check the Active Licensee List, available at: <https://www.dol.wa.gov/about/ftactivelists.html>.

3. Is it legal to dye diesel outside of the terminal?

No.

4. What happens if I inadvertently mix dyed fuel with clear?

You must return the fuel to the terminal. You may file a claim for refund. This fuel cannot be sold as dyed fuel.

5. Is it legal to dye biodiesel and biodiesel blends outside of the terminal? Yes, if the requirements below are met.

- Rebrands of biodiesel in blends below B20 - biodiesel may be rebranded by blending it with dyed diesel if the result is a fuel that is B20 or below. Since diesel must be dyed at the terminal, rebrands of biodiesel blends outside the terminal must only be created by adding clear biodiesel with dyed diesel.
- Rebrands of biodiesel blends above B20 - must be rebranded using a mechanical injection device. Otherwise, the dye concentration becomes too diluted to meet IRS requirements. The licensee may be asked to provide proof of purchase for the device.

Note: Only the clear biodiesel portion (B00) should be reported on the 13X schedule. However, the dyed diesel portion should also be reported on the appropriate receipt schedule.

6. Can I report book adjustments/stock transfers on the supplier return?

No. These adjustments can only be reported on the Terminal Operator report.

7. How do I report fuel disbursed to the refinery?

Report these disbursements on 10F, using the correct refinery number issued by the Internal Revenue Service. This number is available at:

<https://www.irs.gov/businesses/small-businesses-self-employed/refinery-control-number-rcn-refinery-location-directory>.

8. What is a flash sale (also known as flash titling) and how do I report it?

A flash sale is fuel sold to a licensed distributor or supplier who serves as an intermediary, selling the fuel again to another licensee before the fuel enters or leaves a terminal (on terminal property.)

Example:

Company X imports fuel via rail or truck to a Washington terminal and sells the fuel to a licensed supplier (Company Y). Company Y immediately sells the fuel to another supplier who is a position holder in the terminal (Company Z). These transactions should be reported by each entity as outlined below:

- Company X must report the receipt on schedule 4. “Gallons imported to tax-exempt storage terminal by truck/rail.” The disbursement is reported on schedule 6D “Gallons sold tax-exempt to other licensed suppliers.”
- Company Y must report receipt on schedule 2A “Gallons received from Washington terminal or refineries tax-exempt.” The disbursement is reported on schedule 6D “Gallons sold tax-exempt to other licensed suppliers.”
- Company Z must report receipt on schedule 2A “Gallons received from Washington terminal or refineries tax-exempt.” The disbursement is reported on schedule 10F “Gallons delivered to tax-exempt storage Washington terminal.”
- The Terminal Operator must report the receipt on schedule 15A “Receipts”.

If your scenario does not match the example, please call (360) 664-1852 or email: FuelTax@dol.wa.gov for reporting instructions.

9. Who is responsible for reporting transactions?

All licensees must report all receipts and tax-exempt disbursements. Reportable products include dyed fuel and blending products, in addition to gasoline, diesel, and biodiesel. Transactions occurring inside the terminal are reported only by the Terminal Operator.

10. When is fuel tax imposed?

The tax is imposed upon the first taxable event, generally when fuel:

- enters Washington.
- leaves the bulk transfer terminal system in Washington.
- is produced in the state outside of the bulk transfer terminal system.

Note: *The intent of the law is that tax is imposed at the time and place of the first taxable event. Failure to pay the tax does not prevent tax liability from arising if there is a subsequent taxable event.*

11. Who is responsible for paying the tax to the state of Washington?

The following entities must report and pay fuel tax to the state:

- the owner of the fuel when it is imported into the state from another jurisdiction.
- the entity pulling fuel from a terminal.
- the producer of fuel made outside of the bulk transfer terminal system.

12. Do I need to report if I have no operations in Washington during a reporting period?

Yes, you will need to select “no operations” and submit your tax return by the due date. Failure to file will result in the revocation of your license.

13. What happens if I have multiple fuel tax licenses and one is revoked?

All fuel tax licenses will be revoked.

14. Are biodiesel, ethanol, and butane taxable in Washington before they are blended?

Yes, these products are fully taxable, including blends.

15. What document number do I use to report fuel transactions?

Use the bill of lading number as the document number on the tax return. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.

16. Am I required to report net, gross, or billed gallons?

Yes, you must report all three. The billed gallons column will be used to calculate tax liability. This number must match the invoice.

17. How do I report transactions for prior periods?

You must amend the return for the period in which the transaction occurred. Adjustments reported in the wrong period will be denied.

18. Do I have to report fuel received at the refinery on the supplier tax return?

Yes. Please report these transactions on schedule 2A.

19. What happens when the fuel is diverted?

You must amend the tax return to correct the reported destination jurisdiction.

20. How do I determine who is responsible to report fuel exported from the state of Washington?

The company who owns the fuel when it leaves the state of Washington is responsible to report the export. If uncertain of the owner, you may review:

- the contract between buyer and seller.
- invoices to determine whether out of state tax has been charged.
 - If Washington State fuel tax or no tax has been charged, it is likely the purchaser is the owner.
 - If another’s state’s tax is charged, the seller is the owner. The buyer should not report the transaction on the Washington fuel tax return.
- invoices to look for the term “FOB origin” - This means the purchase took place in Washington and the purchaser is the owner.
- invoices to look for the term “FOB destination” - This means the purchase took place in another state and the seller is the owner.

Note: *The exporter in the origin jurisdiction must be the importer in the destination jurisdiction. Fuel cannot change hands at the border.*

Fuel Distributor

What can I do as a Distributor?

A distributor can:

- buy and sell fuel outside the bulk transfer terminal system.
- import and export fuel.
- purchase tax-exempt fuel at the terminal from a licensed supplier for immediate export.
- purchase tax-deferred fuel from a licensed supplier.

What documents do I need to apply for this license?

- An application completed:
 - online on TAP at <https://wadolprft.gentax.com/TAP/>, or
 - by paper form available at <https://www.dol.wa.gov/forms/441750.pdf>.
- Copies of licenses from other jurisdictions for imports or exports.
- Proof of motor and special fuel bond coverage - equal to 3 times the estimated monthly fuel tax liability and must be between \$5,000 and \$100,000. This coverage may be any of the following:
 - surety fuel tax bond from your insurance company
 - Time Certificate of Deposit from your bank
 - cash bond (contact us at (360) 664-1852 for instructions)

What do I have to do to maintain my license?

- Report and pay timely each month - even if you have not operated in Washington (see details in the General Information section on page 6.)
- Comply with Washington State fuel tax statutes and rules
 - Fuel Tax statutes: <https://app.leg.wa.gov/RCW/default.aspx?cite=82.38>
 - Washington Administrative Code: <https://app.leg.wa.gov/WAC/default.aspx?cite=308-77>
- Maintain proper bond coverage as required by law.

What are the reporting requirements for Fuel Distributors?

- All fields are required, including the accurate net, gross, and billed gallons.
- Butane, biodiesel, ethanol, trans-mix, and other blending products must be reported in addition to all motor and special fuel.
- If the origin or destination of the fuel is an IRS terminal or refinery, you must report the correct number as assigned by the IRS and do not have to report the city and state.
- Report the correct Federal Employer Identification Number (FEIN) for all buyers, sellers, and carriers.
- Report bill of lading (BOL) numbers in the document number field. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.
- Report in whole gallons.
- Distributors cannot legally sell tax-exempt fuel to suppliers unless the fuel is sold on terminal grounds.

- Dyed diesel transactions between licensees below the rack on terminal grounds (or leaving or entering the terminal) must be reported on the distributor return.
- When reporting imports or exports of fuel from other jurisdictions, the exporter in the origin jurisdiction must be the importer in the destination jurisdiction. Fuel cannot change hands at the border.
- All transactions must be reported in the period in which they occur. Adjustments to prior periods must be made by amending the period in which the original transaction took place. Out of period transactions will be denied.
- Distributors may not hold tax-exempt fuel within the bulk transfer terminal system. Please call (360) 664-1852 or email: FuelTax@dol.wa.gov, if you have questions.

Receipts Schedules

Schedule 1: **Gallons received tax paid** - Use this schedule to report purchases of:

- undyed fuel when Washington fuel tax was paid to the seller at the time of purchase.
- dyed fuel (which is always purchased without fuel tax) received outside the bulk transfer terminal system.

Schedule 2: **Gallons received tax-exempt** - Use this schedule to report receipt of dyed fuel in Washington.

Schedule 2E: **Gallons received tax-exempt for export** - Use this schedule to report tax-exempt receipts of fuel for immediate export.

- This fuel must be purchased at a terminal from a licensed supplier.

Schedule 3: **Gallons imported below terminal** - Use this schedule to report fuel, including dyed diesel, imported outside the bulk transfer terminal system, via truck or rail.

- The origin of the fuel must be outside the state of Washington.
- The destination must be outside of the bulk transfer terminal system.

Schedule 4: **Gallons imported to tax-exempt storage terminal by truck/rail** - Use this schedule to report fuel, including dyed diesel, imported outside the bulk transfer terminal system to an IRS registered terminal or refinery, by truck or rail.

- You must list the destination terminal or refinery number.
- The origin of the fuel must be outside the state of Washington.

Disbursements Schedules

Schedule 6F: **Gallons sold to IFTA authorized carriers OR sales of dyed diesel delivered to a WA licensee** - Use this schedule to report sales to International Fuel Tax Agreement (IFTA) authorized carriers and for sales of dyed diesel to Washington fuel tax licensees.

- Do not report dyed diesel sales to unlicensed companies, or sales of other fuel to licensed distributors or suppliers on this schedule.

Schedule 6Z: **Gallons sold for racing** - Use this schedule to report sales of racing fuel.

- The fuel sold cannot be legal for on-road use.

Schedule 7: **Gallons exported** - Use this schedule to report fuel exported to other states or countries when you own the fuel at the time of export.

- The fuel must be taken to a jurisdiction outside Washington to qualify for this exemption.
- You must also be the importer in the destination jurisdiction.

Schedule 8: **Gallons sold tax-exempt to US Armed Forces or National Guard for export (Motor Fuel)** - Use this schedule to report all sales of motor fuel to US Armed Forces or National Guard.

- The destination of the fuel must be outside of Washington and must be exported by the Armed Forces or National Guard.

Schedule 8: **Gallons sold tax-exempt to federal government (Special Fuel)** - Use this schedule when selling special and dyed diesel fuel, only sales to the federal government qualify.

Schedule 10C: **Gallons sold tax-exempt to urban passenger transportation systems** - Use this schedule to report sales of special fuel and dyed special fuel to urban passenger transportation systems.

- Sales of motor fuel do not qualify for this exemption.
- If selling motor fuel, you must charge fuel tax and the end user may qualify for a refund.

Schedule 10D: **Credit card sales to tax-exempt foreign diplomatic and consular missions** - Use this schedule to report credit card sales of motor fuel to foreign diplomatic and consular mission personnel.

- The name of the country must be reported.
- Sales of special fuel do not qualify for this exemption.

Schedule 10F: **Gallons delivered to tax-exempt storage Washington terminal** - Use this schedule to report deliveries of fuel to IRS registered terminals or refineries in Washington.

- As a licensed distributor, you do not qualify to hold tax-exempt inventory in IRS registered terminals. If you hold inventory in a terminal, call 360-664-1852 for reporting instructions.

Schedule 10G: **Gallons sold to other tax-exempt entities** - Use this schedule to report sales to other tax-exempt entities. These exemptions are specified in RCW 82.38.080 and vary according to fuel type.

Note: *Washington licensed suppliers are not tax-exempt entities and should not be reported on this schedule.*

Schedule 13X: **Gallons of biodiesel rebranded to dyed** - Use this schedule to report gallons of biodiesel dyed outside of the bulk transfer terminal system.

- Only the biodiesel portion of a blend (B00) should be reported on this schedule.

Note: *It is illegal to dye petroleum products outside of the terminal. Do not report rebrands on the distributor tax return. Fuel dyed within the terminal will be reported by the Terminal Operator.*

Frequently Asked Questions

1. Are all my fuel sales to licensed suppliers tax-exempt?

No. Only sales of fuel to licensed suppliers on IRS terminal grounds are exempt.

Note: *Dyed diesel sold to licensed suppliers and distributors is always fuel tax exempt.*

2. Is it legal to dye diesel outside of the terminal?

No.

3. What happens if I inadvertently mix dyed fuel with clear?

You must return the fuel to the terminal. You may file a claim for refund. This fuel cannot be sold as dyed fuel.

4. Is it legal to dye biodiesel and biodiesel blends outside of the terminal?

- Rebrands of biodiesel in blends below B20 – biodiesel may be rebranded by blending it with dyed diesel if the result is a fuel that is B20 or below. Since diesel must be dyed at the terminal, rebrands of biodiesel blends outside the terminal must only be created by adding clear biodiesel with dyed diesel. Only the clear biodiesel portion (B00) should be reported on the 13X schedule.
- Biodiesel blends above B20 - must only be rebranded using a mechanical injection device. Otherwise, the dye concentration becomes too diluted to meet IRS requirements. The licensee may be asked to provide proof of purchase for the device. Only the clear biodiesel portion (B00) should be reported on the 13X schedule.

5. How do I report fuel disbursed to the refinery?

Report disbursements to licensed suppliers on 10F, using the correct refinery number issued by the Internal Revenue Service. This number is available at: <https://www.irs.gov/businesses/small-businesses-self-employed/terminal-control-number-tcn-terminal-locations-directory>. Sales to other licensees and unlicensed companies must be taxed.

6. What is a flash sale (also known as flash titling) and how do I report it?

Fuel is sold to a licensed distributor or supplier who serves as an intermediary, selling the fuel again to another licensee before the fuel enters or leaves a terminal (or on terminal property.)

Example:

A licensed distributor (Company X) imports fuel via rail or truck to a Washington terminal and sells the fuel to Company Y. Company Y immediately sells the fuel to

a licensed supplier who is a position holder in the terminal (Company Z). Company X must report the receipt on schedule 4. “Gallons imported to tax-exempt storage terminal by truck/rail.”

- If selling to:
 - a licensed supplier, the disbursement is reported on schedule 10F “Gallons delivered to tax-exempt storage Washington terminal.”
 - another distributor (or non-licensee,) the disbursement isn’t reported and the fuel must be sold with tax.

7. When can a licensed distributor buy tax-exempt fuel?

A licensed distributor can only buy tax-exempt fuel if all 3 of the following conditions exist, the fuel is:

- purchased from a licensed supplier,
- purchased at an IRS registered terminal, and,
- immediately exported. (The purchasing distributor must be the exporter.)

8. Who is responsible for reporting transactions?

All licensees must report all receipts and tax-exempt disbursements. Reportable products include dyed fuel and blending products, in addition to gasoline, diesel, and biodiesel. Transactions occurring inside the terminal are reported only by the Terminal Operator.

9. When is fuel tax imposed?

The tax is imposed upon the first taxable event, when fuel:

- enters Washington.
- leaves the bulk transfer terminal system in Washington.
- is produced in the state outside of the bulk transfer terminal system.

10. Who is responsible for paying the tax to the state of Washington?

The following entities must report and pay fuel tax to the state, the:

- owner of the fuel when it is imported into the state from another jurisdiction.
- entity pulling fuel from a terminal.
- producer of fuel produced outside of the bulk transfer terminal system.
- entity who adds blending products to fuel outside of the bulk transfer terminal system.

11. Do I need to report if I have no operations in Washington during a reporting period?

Yes, you will need to select “no operations” and submit your tax return by the due date. Failure to file will result in the revocation of your license.

12. What happens if I have multiple fuel tax licenses and one is revoked?

All fuel tax licenses will be revoked.

13. Are biodiesel, ethanol, and butane taxable in Washington before they are blended?

Yes, these products are fully taxable, including blends.

14. What document number do I use to report fuel transactions?

Use the bill of lading number as the document number on your tax return. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.

15. Am I required to report net, gross, or billed gallons?

You must report all three. The billed gallons column will be used to calculate tax liability. This number must match the invoice.

16. How do I report transactions for prior periods?

You must amend the return for the period in which the transaction occurred. Adjustments reported in the wrong period will be denied.

17. What happens when the fuel is diverted?

You must amend the tax return to correct the reported destination jurisdiction. Purchasing tax-exempt fuel for export, then selling it in Washington, is illegal. Engaging in this activity may jeopardize your license.

18. What happens if I purchase fuel for export, then only export a portion of the load?

You cannot legally purchase tax-exempt fuel for this type of transaction. If a partial load is diverted to Washington, you must ask the Fuel Supplier to rebill you for tax for the entire load. When you report the exported fuel, you will be credited for the tax paid.

19. How do I determine who is responsible to report fuel exported from the state of Washington?

The company who owns the fuel when it leaves the state of Washington is responsible to report the export. If uncertain of the owner, you may review:

- the contract between buyer and seller.
- invoices to determine whether out of state tax has been charged.
 - If Washington State fuel tax or no tax has been charged, it is likely the purchaser is the owner.
 - If another's state's tax is charged, the seller is the owner. The buyer should not report the transaction on the Washington fuel tax return.
- invoices to look for the term "FOB origin" – This means the purchase took place in Washington and the purchaser is the owner.
- invoices to look for the term "FOB destination" – This means the purchase took place in another state and the seller is the owner.

Note: *The exporter in the origin jurisdiction must be the importer in the destination jurisdiction. Fuel cannot change hands at the border.*

Fuel Blender

What can I do as a Fuel Blender?

- Blend taxed fuel with other non-taxed products to produce motor and special fuel.
- Produce non-petroleum fuel outside of the bulk transfer terminal system.

What documents do I need to apply for this license?

- An application completed:
 - online on TAP at <https://wadolprft.gentax.com/TAP/>, or
 - by paper form available at <https://www.dol.wa.gov/forms/441750.pdf>.
- Copies of licenses from other jurisdictions for export.
- A 637 certification from the Internal Revenue Service, authorizing fuel blending.
- Proof of motor and special fuel bond coverage – equal to 3 times the estimated monthly fuel tax liability and must be between \$5,000 and \$100,000. This coverage may be any of the following:
 - surety fuel tax bond from your insurance company
 - Time Certificate of Deposit from your bank
 - cash bond (contact us at 360-664-1852 for instructions)

What do I have to do to maintain my license?

- Report and pay timely each month – even if you have not operated in Washington (see details in the General Information on page 6.)
- Comply with Washington State fuel tax statutes and rules
 - Fuel Tax statutes: <https://app.leg.wa.gov/RCW/default.aspx?cite=82.38>
 - Washington Administrative Code: <https://app.leg.wa.gov/WAC/default.aspx?cite=308-77>
- Maintain proper bond coverage as required by law.

What are the reporting requirements for Fuel Blenders?

- All fields are required, including the accurate net, gross, and billed gallons.
- Butane, biodiesel, ethanol, trans-mix, and other blending products must be reported.
- If the origin or destination of the fuel is an IRS terminal or refinery, you must report the correct number as assigned by the IRS and do not have to report the city and state.
- Report the correct Federal Employer Identification Number (FEIN) for all buyers, sellers, and carriers.
- Report bill of lading (BOL) numbers in the document number field. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.
- Report in whole gallons.
- Dyed diesel transactions between licensees below the rack must be reported on the blender return.
- When reporting exports of fuel to other jurisdictions, the Washington exporter must be the importer in the destination jurisdiction. Fuel cannot change hands at the border.

- All transactions must be reported in the period in which they occur. Adjustments to prior periods must be made by amending the period in which the original transaction took place. Out of period transactions will be denied.
- Blenders may not hold tax-exempt fuel within the bulk transfer terminal system. Please call (360) 664-1852 if you have questions.

Receipts Schedules

Beginning physical inventory below terminal - Use line 1 to record the physical inventory at the beginning of the reporting period. This number must match the previous month's ending inventory and must be a physical measurement of fuel held in bulk inventories outside the terminal.

Schedule 1: **Gallons received tax paid** - Use this schedule to report purchases of: undyed fuel when Washington fuel tax was paid to the seller at the time of purchase.

Schedule 2: **Gallons received tax-exempt or produced in state** - Use this schedule to report non-taxed fuel produced outside the bulk transfer terminal system and receipts of dyed fuel.

Schedule 2B: **Gallons received tax-exempt blend stock** - Use this schedule to report receipts of tax-exempt products which are used as blend stock i.e. trans-mix.

Disbursements Schedules

Schedule 6Z: **Gallons sold for racing** - Use this schedule to report motor fuel sales of racing fuel.

- The fuel sold cannot be legal for on-road use.

Schedule 7: **Gallons exported** - Use this schedule to report fuel exported to other states or countries when you own the fuel at the time of export.

- The fuel must be taken to a jurisdiction outside Washington to qualify for this exemption.
- You must also be the importer in the destination jurisdiction.

Schedule 10C: **Gallons sold tax-exempt to urban passenger transportation systems** - Use this schedule to report sales of special fuel and dyed special fuel to Urban Passenger Transportation Systems.

- Sales of motor fuel do not qualify for this exemption.
- If selling motor fuel, you must charge fuel tax and the end user may qualify for a refund.

Schedule 10D: **Credit card sales to tax-exempt foreign diplomatic and consular missions** - Use this schedule to report credit card sales of motor fuel to foreign diplomatic and consular mission personnel.

- The name of the country must be reported.
- Sales of special fuel do not qualify for this exemption.

Schedule 10G: **Gallons sold to other tax-exempt entities** - Use this schedule to report sales to other tax-exempt entities. These exemptions are specified in Washington law and vary according to fuel type. See RCW 82.38.080.

Note: *Washington licensed suppliers are not generally tax-exempt entities and should not be reported on this schedule.*

Schedule 12A: **Gallons of tax paid product sold from inventory** - Use this schedule to report tax paid fuel sold from bulk inventory outside the bulk transfer terminal system.

Ending physical inventory below terminal - Use line 12 to record the physical inventory at the end of the reporting period. This number must match the next month's beginning inventory and must be a physical measurement of fuel held in bulk inventories outside the terminal.

Schedule 13X: **Gallons of biodiesel rebranded to dyed** - Use this schedule to report gallons of biodiesel dyed outside of the bulk transfer terminal system.

- Only the biodiesel portion of a blend (B00) should be reported.

Note: *It is illegal to dye petroleum products outside of the terminal. Do not report rebrands on the blender tax return. Fuel dyed within the terminal will be reported by the Terminal Operator.*

Frequently Asked Questions

1. Are all my fuel sales to licensed suppliers tax-exempt?

No. Only fuel sales to licensed suppliers on IRS terminal grounds are exempt.

2. Is it legal to dye diesel outside of the terminal?

No.

3. What happens if I inadvertently mix dyed fuel with clear?

You must return the fuel to the terminal. You may file a claim for refund. This fuel cannot be sold as dyed fuel.

4. Is it legal to dye biodiesel and biodiesel blends outside of the terminal?

- Rebrands of biodiesel in blends below B20 – biodiesel may be rebranded by blending it with dyed diesel if the result is a fuel that is B20 or below. Since diesel must be dyed at the terminal, rebrands of biodiesel blends outside the terminal must only be created by adding clear biodiesel with dyed diesel. Only the clear biodiesel portion (B00) should be reported on the 13X schedule.
- Rebrands of biodiesel blends above B20 - must be rebranded using a mechanical injection device. Otherwise, the dye concentration becomes too diluted to meet IRS requirements. The licensee may be asked to provide proof of purchase for the device. Only the clear biodiesel portion (B00) should be reported on the 13X schedule.

5. Can a licensed blender buy tax-exempt fuel?

No.

6. Who is responsible for reporting transactions?

All licensees must report all receipts and tax-exempt disbursements. Reportable products include dyed fuel and blending products, in addition to gasoline, diesel, and biodiesel.

7. When is fuel tax imposed?

The tax is imposed upon the first taxable event, when fuel:

- enters Washington
- leaves the bulk transfer terminal system in Washington, or
- is produced in the state outside of the bulk transfer terminal system.

8. When must a blender pay fuel tax to the state of Washington?

You must pay tax when:

- producing fuel outside of the bulk transfer terminal system.
- adding previously non-taxed blending products to fuel outside of the bulk transfer terminal system.

Note: *You must pay fuel tax to your fuel seller in all other transactions.*

9. Do I need to report if I had no operations in Washington during a reporting period?

Yes, you must select “no operations” and submit your tax return by the due date. Failure to file will result in the revocation of the blender license.

10. What happens if I have multiple fuel tax licenses and one is revoked?

All fuel tax licenses will be revoked.

11. Are biodiesel, ethanol, and butane taxable in Washington before they are blended?

Yes, all blend stocks with an octane rating of 75 or higher are fully taxable.

12. What document number is used to report fuel transactions?

Use the bill of lading number as the document number on the tax return.

13. Am I required to report net, gross, or billed gallons?

You must report all three. The billed gallons column will be used to calculate tax liability. This number must match the invoice.

14. How do I report transactions for prior periods?

You must amend the return for the period in which the transaction occurred. Adjustments reported in the wrong period will be denied.

15. How do I determine who is responsible to report fuel exported from the state of Washington?

The company who owns the fuel when it leaves the state of Washington is responsible to report the export. If uncertain of the owner, you may review:

- the contract between buyer and seller.
- invoices to determine whether out of state tax has been charged.
 - If Washington State fuel tax or no tax has been charged, it is likely the purchaser is the owner.
 - If another's state's tax is charged, the seller is the owner. The buyer should not report the transaction on the Washington fuel tax return.
- invoices to look for the term "FOB origin" – This means the purchase took place in Washington and the purchaser is the owner.
- invoices to look for the term "FOB destination" – This means the purchase took place in another state and the seller is the owner.

The exporter in the origin jurisdiction must be the importer in the destination jurisdiction. Fuel cannot change hands at the border.

Terminal Operator

What can I do as a Terminal Operator?

- The license authorizes the ownership, operation, and control of an IRS registered terminal in Washington State.

What documents do I need to apply for this license?

- An application completed:
 - online on TAP at <https://wadolprft.gentax.com/TAP/>, or
 - by paper form available at <https://www.dol.wa.gov/forms/441750.pdf>.
- A 637 certification from the Internal Revenue Service.

What are the reporting requirements for Terminal Operators?

- Report timely each month.
- Comply with Washington State fuel tax statutes and rules.
 - Fuel Tax statutes: <https://app.leg.wa.gov/RCW/default.aspx?cite=82.38>
 - Washington Administrative Code: <https://app.leg.wa.gov/WAC/default.aspx?cite=308-77>
- Generally, all fields are required.
- Report the correct Federal Employer Identification Number (FEIN) for all buyers, sellers, and carriers.
- Report bill of lading (BOL) numbers in the document number field. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.
- Report in whole gallons.
- Dyed diesel transactions between licensees above the rack must be reported on the Terminal Operator return.
- All transactions must be reported in the period in which they occur. Adjustments to prior periods must be made by amending the period in which the original transaction took place.
- Report beginning and ending inventories for each position holder. Beginning inventories must match the previous month's ending inventory for each position holder and must be a physical measurement of fuel.

Transactions taking place at the terminal and within the Bulk Transfer Terminal System:

- Fuel transactions occurring inside IRS registered terminals are reported on the Terminal Operator report, not on the supplier tax return.
 - Fuel transactions occurring on terminal grounds, but not within the terminal, are reported on the supplier tax return only.
 - Fuel entering or leaving the terminal is reported on both the Terminal Operator report and Fuel Supplier tax return.

You must provide information for all fields on the Terminal Operator report and schedules for each transaction, including:

- Federal Employer Identification Numbers (FEINs)

- Position Holders
- Buyers
- Sellers
- Carriers

Reporting fuel blended at the terminal

In order to correctly report terminal inventories, the Terminal Operator must report:

- disbursement of individual fuel products to the position holder who owns and blends the fuel.
- receipt of the blended product to the same position holder.
- disbursement of the blended product to the buyer.

Example:

- Company X is a new position holder. At the beginning of the reporting period, they had no inventory.
- On the first of the month, Company X purchased 150 gallons of gasoline from Company A, BOL 1234.
- On the first of the month, Company X also purchased 100 gallons of ethanol from Company B, BOL 2345.
- On the fifth of the month, Company X sold 100 gallons of E10 to Company C, BOL 6789, within the terminal.

In order to report this scenario, the Terminal Operator must:

Report receiving the individual products

- Report receipt of the gasoline to Company X from Company A on schedule 15A, BOL 1234.
- Report receipt of the ethanol to Company X from Company B on schedule 15A, BOL 2345.

Report disbursement of the individual products

- Report disbursement of 90 gallons of gasoline from Company X to Company X on schedule 15B, using “Book Adjustment” as the Mode and BOL 1234B. *(The gasoline inventory is now 60 gallons.)*
- Report a disbursement of 10 gallons of ethanol from Company X to Company X on schedule 15B, using “Book Adjustment” as the Mode and BOL 2345B. *(The ethanol inventory is now 90 gallons.)*

Report receipt of the blended product to the same position holder.

- Report a receipt of 100 gallons of E10 from Company X to Company X on schedule 15A, using “Book Adjustment” as the Mode, BOL 6789B. (Company X now has 100 gallons of E10 available.)

Report disbursement of the blended product to the buyer.

- Report the disbursement of 100 gallons of E10 from Company X to Company C on Schedule 15B, BOL 6789.

Reporting fuel dyed at the terminal

In order to correctly report terminal inventories, the Terminal Operator must report:

- disbursement of undyed fuel to the position holder who owns and dyes the fuel.
- receipt of the dyed product to the same position holder.
- disbursement of the dyed product to the buyer.

Example:

- Company X is a new position holder. At the beginning of the reporting period, they had no inventory.
- On the first of the month, Company X purchased 150 gallons of undyed diesel from Company A, BOL 1234.
- On the fifth of the month, Company X sold 100 gallons of dyed fuel to Company C, BOL 6789, as the fuel passes the flange at the terminal rack.

In order to report this scenario, the Terminal Operator must report:

- **receiving the undyed product**
 - Report receipt of 150 gallons of undyed diesel to Company X from Company A on schedule 15A, BOL 1234.
- **disbursement of the undyed product**
 - Report disbursement of 100 gallons of undyed fuel from Company X to Company X on schedule 15B, using “Book Adjustment” as the Mode and BOL 1234B. *(The diesel inventory is now 50 gallons.)*
- **receipt of the dyed product to the same position holder.**
 - Report a receipt of 100 gallons of dyed diesel from Company X to Company X on schedule 15A, using “Book Adjustment” as the Mode, BOL 6789B. *(Company X now has 100 gallons of dyed diesel available for sale.)*
- **disbursement of the dyed product to the buyer.**
 - Report the disbursement of 100 gallons of dyed diesel from Company X to Company C on Schedule 15B, BOL 6789.

Note: Reporting fuel blending and dying at the terminal can be complicated. If you have questions, please call (360) 664-1852.

Receipts Schedule

Schedule 15A: **Total Receipts** - Use this schedule to report receipts of all fuel products into the terminal.

Disbursements Schedule

Schedule 15B: **Total Disbursements** - Use this schedule to report disbursements of all fuel products from the terminal.

Inventory Schedule

Schedule 15C - Use this schedule to report the following for each position holder:

- beginning inventories - must match previous month's ending inventory for each position holder.
- receipts summary
- disbursements summary
- stock gains and losses due to fluctuating temperatures
- ending inventories

Frequently Asked Questions

1. Are biodiesel, ethanol, and butane in Washington reported before they are blended?

Yes, these products must be reported because they are fully taxable, including blends. All blend stocks with an octane rating of 75 or higher must be reported.

2. What document number do I use to report fuel transactions?

Use the bill of lading number as the document number on the tax return.

3. Am I required to report net and gross gallons?

Yes, you must report both.

4. How do I report transactions for prior periods?

You must amend the return for the period in which the transaction occurred. Adjustments reported in the wrong period will be denied.

5. Can a Terminal Operator be responsible for tax?

Yes, if:

- the position holder of the fuel is a person other than the Terminal Operator and is not a licensee;
- the Terminal Operator is not a licensee;
- the position holder has an expired Internal Revenue Service notification certificate;
- the Terminal Operator has reason to believe that information on the Internal Revenue Service notification certificate is false.
- special fuel is removed and is not dyed or marked in accordance with Internal Revenue Service requirements, and the Terminal Operator provides documents indicating the special fuel is dyed or marked in accordance with Internal Revenue Service requirements.

6. How do I report inventory gains and/or losses?

Use the "Gain or (Loss)" column to report these. If a loss is larger than a minimal amount, the Terminal Operator may be held accountable for the fuel tax for the missing fuel.

7. Do I need to report fuel purchasers and sellers or is this information considered proprietary?

Yes, per Washington law, you must report purchasers and sellers for each transaction. We need this information to validate that proper fuel tax has been collected and that we have accounted for all fuel.

Fuel Carrier

What can I do as a Fuel Carrier?

- This registration allows the holder to report fuel transported in Washington.

What documents do I need to apply for this registration?

- An application completed:
 - online on TAP at <https://wadolprft.gentax.com/TAP/>, or
 - by paper form available at <https://www.dol.wa.gov/forms/441750.pdf>.

Note: *In order to qualify for the registration, the applicant must haul fuel for others for hire.*

What do I have to do to maintain my registration?

- Report timely each month.
- Comply with Washington State fuel tax statutes and rules.
 - Fuel Tax statutes: <https://app.leg.wa.gov/RCW/default.aspx?cite=82.38>
 - Washington Administrative Code: <https://app.leg.wa.gov/WAC/default.aspx?cite=308-77>

What are the reporting requirements for Fuel Carriers?

Generally, all fields are required. If the origin or destination of the fuel is an IRS terminal, you must report the correct terminal number as assigned by the IRS and do not have to report the city and state.

- Report the correct Federal Employer Identification Number (FEIN) for all purchasers and sellers.
- Report bill of lading (BOL) numbers in the document number field. Do not use dates, invoice numbers, purchase numbers, or railcar numbers.
- If transported by rail, include the rail number; if transported by vessel, include the vessel identification. Include the numbers in the Rail car number/Vessel ID field.
- Report in whole gallons.

Schedules

Schedule 14A: **Gallons received at a Washington terminal, refinery storage, or bulk plant and delivered to another jurisdiction** - Use this schedule to report fuel taken to a jurisdiction outside of Washington.

Schedule 14B: **Gallons received at an out-of-state terminal or bulk plant and delivered in Washington** - Use this schedule to report fuel taken from another jurisdiction into Washington.

Schedule 14C: **Gallons received at a Washington terminal or bulk plant and delivered in Washington** - Use this schedule to report fuel received and delivered in Washington.

Aircraft Distributor

What can I do as an Aircraft Distributor?

- Buy and sell fuel inside and outside the bulk transfer terminal system.
- Import and export fuel.
- Purchase tax-exempt fuel.
- Sell tax-exempt fuel to qualifying buyers (See below).

What documents do I need to apply for this license?

- An application completed:
 - online on TAP at <https://wadolprft.gentax.com/TAP/>, or
 - by paper form available at <https://www.dol.wa.gov/forms/441750.pdf>.
- Proof of aircraft fuel bond coverage equal to 3 times the estimated monthly fuel tax liability and must be between \$5,000 and \$100,000. This coverage may be any of the following:
 - surety fuel tax bond from your insurance company
 - Time Certificate of Deposit from your bank
 - cash bond (contact us at (360) 664-1852 for instructions)

What do I have to do to maintain my license?

- Report and pay timely each month – even if you have not operated in Washington (see details in the General Information on page 6.)
- Comply with Washington State fuel tax statutes and rules
 - Aircraft Fuel Tax statutes:
<https://app.leg.wa.gov/RCW/default.aspx?cite=82.42>
 - Washington Administrative Code:
<https://app.leg.wa.gov/WAC/default.aspx?cite=308-78>
- Maintain proper bond coverage as required by law.

What are the reporting requirements for Aircraft Distributors?

- Generally, all fields are required. If the origin or destination of the fuel is an IRS terminal, you must report the correct terminal number as assigned by the IRS and do not have to report the city and state.
- Report the correct Federal Employer Identification Number (FEIN) for all buyers, sellers, and carriers.
- Report bill of lading (BOL) numbers in the document number field. Do not use dates, invoice numbers, purchase numbers, or railcar numbers. However, aircraft registration (tail) numbers will be used in “into plane” transactions. (See below.)
- Report in whole gallons.
- When reporting exports of fuel to other jurisdictions, the Washington exporter must be the importer in the destination jurisdiction. Fuel ownership cannot change at the border.

- All transactions must be reported in the period in which they occur. Adjustments to prior periods must be made by amending the period in which the original transaction took place.

Receipts Schedules

Beginning physical inventory below terminal - Use line 1 to record the physical inventory at the beginning of the reporting period. This number must match the previous month's ending inventory and must be a physical measurement of fuel held in bulk inventories outside the terminal.

Schedule 1: **Gallons received tax paid** - Use this schedule to report receipts when Washington fuel tax was paid to the seller at the time of purchase.

Schedule 2A: **Gallons received tax-exempt from Washington distributors** - Use this schedule to report tax-exempt fuel purchased from other Washington licensed distributors or from a Washington terminal.

Schedule 3: **Gallons imported below terminal** - Use this schedule to report fuel, imported outside the bulk transfer terminal system, via truck or rail.

- The origin of the fuel must be outside the state of Washington.
- The destination must be outside of the bulk transfer terminal system.

Schedule 4: **Gallons imported to terminal by truck or rail** - Use this schedule to report fuel, imported outside the bulk transfer terminal system to an IRS registered terminal or refinery, by truck or rail.

- You must list the destination terminal number.
- The origin of the fuel must be outside the state of Washington.

Disbursements Schedules

Schedule 6D: **Gallons sold tax-exempt to licensed distributors** - Use this schedule to report fuel sales to other licensed distributors

- Sales occurring within the terminal will be reported by the Terminal Operator.

Schedule 7: **Gallons exported** - Use this schedule to report fuel exported to other states or countries when you own the fuel at the time of export.

- The fuel must be taken to a jurisdiction outside Washington to qualify for this exemption.
- You must also be the importer in the destination jurisdiction.

Schedule 7F: **Gallons sold tax-exempt to unlicensed exporters** - Use this schedule to report tax-exempt sales to unlicensed exporters of aircraft fuel.

- The fuel must be taken and off-loaded in a jurisdiction outside Washington to qualify for this exemption.

Schedule 8: **Gallons sold tax-exempt to U.S. Government** - Use this schedule when selling aircraft fuel to the federal government.

Schedule 10: **Gallons sold tax-exempt into bulk storage to Washington certified users** - Use this schedule to report sales of aircraft fuel to Washington Bulk Fuel Exemption Certificate holders (also called Certified Users).

- A list of certified users is available on our website at:
<https://www.dol.wa.gov/about/aircraftfuellists.html>

Schedule 10F: **Gallons delivered to tax-exempt storage Washington terminal** - Use this schedule to report deliveries of fuel to IRS registered terminals or refineries in Washington.

- The destination terminal number is required.

Schedule 10G: **Gallons sold tax-exempt to emergency medical air transport** - Use this schedule to report sales to air ambulance services.

Schedule 10K: **Gallons sold tax-exempt to exempt aircraft** - Use this schedule to report sales to qualifying aircraft. Examples include fuel placed in the fuel tanks of aircraft:

- operated by air carriers and supplemental air carriers operating under a Certificate of Public Convenience and Necessity under the provisions of the Federal Aviation Act of 1958.
- used in manufacturing and testing.
- used in international and interstate flights.
- purchased by certified air carriers for use in the training of flight crews.

Schedule 12C: **Ending physical inventory below terminal** - Use line 12 to record the ending physical inventory held outside the bulk transfer terminal system.

Frequently Asked Questions

1. What document number do I use to report fuel transactions?

Use the bill of lading number as the document number on the tax return. Aircraft registration (tail) numbers will be used for into plane transactions. (See below.)

2. Am I required to report net and gross gallons?

You must report both.

3. How do I report transactions for prior periods?

You must amend the return for the period in which the transaction occurred.

4. Do I need to report if I had no operations in Washington during a reporting period?

Yes. You must select “no operations” and submit your tax return by the due date. Failure to file will result in the revocation of the Aircraft Distributor license.

5. What happens if I have multiple fuel tax licenses and one is revoked?

All fuel tax licenses will be revoked.

6. When is aircraft fuel tax imposed?

Aircraft fuel is taxed at the distributor level. Licensed Aircraft Distributors may:

- buy tax-exempt fuel from other licensed Aircraft Distributors
- sell tax-exempt fuel to other licensed Aircraft Distributors.

7. What is the aircraft fuel tax rate in Washington?

Eleven cents per gallon.

8. Does sales tax apply to aircraft fuel?

Yes, both sales and fuel tax apply.

9. What is a “Certified User”?

Also called “Bulk Fuel Exemption Certificate” holders, these companies are registered to buy tax-exempt aircraft fuel for bulk tanks.

10. How does a company qualify to become a “Certified User”?

In order to be registered, these customers must provide a completed application, available at: <https://dol.wa.gov/sites/default/files/forms/442076.pdf> and be, either:

- an air carrier or supplemental air carrier:
 - a Certificate of Public Convenience and Necessity issued under part 121 of the Federal Aviation Act of 1958, as amended.
 - documentation they operate at least 15 round trips per week between 2 or more points.
 - published flight schedules.
- or a crop duster who operates from a private airfield at least 95% of the time.

11. What is a “buyback” transaction?

Plane manufacturers purchase fuel from airline distributors. When a manufacturer sells an airplane, a small amount of fuel is provided to the customer.

If the customer wishes to purchase additional fuel:

- The manufacturer provides additional fuel to the customer.
- The customer tells the manufacturer who their contracted fuel supplier is.
- The manufacturer notifies the fuel supplier of the disbursement.
- The supplier reimburses the fuel. The amount of the reimbursed fuel may not match the amounts provided to the customer.
- The fuel supplier bills the customer directly.

12. How are “buyback” transactions reported?

The manufacturer must report:

- any fuel received on schedule 2, including fuel received in trade from a fuel supplier.
- tax-exempt fuel disbursements on schedule 6D, whether they are billing a customer or seeking reimbursement from the fuel supplier.

The supplier must report:

- the fuel disbursed to the customer as a receipt on schedule 2.
- the fuel reimbursed to the manufacturer as a disbursement on schedule 6D.

13. What is an “into plane” transaction?

Some retail customers (owners of small planes using municipal or county airports) have contracts with specific fuel vendors for fuel purchases. If the contracted vendor doesn't have a fueling station in a location convenient for the customer, they send the customer to a Fixed Base Operator (FBO) to purchase their fuel via the “into plane” program.

When the “into plane” customer goes to the FBO, the FBO disburses the fuel and issues a ticket to the customer, which includes details of the sale. The FBO reports the disbursement to the contracted fuel vendor. The contracted fuel vendor credits the FBO for the fuel and bills the customer. The contracted fuel vendor pays tax to the state.

14. How are “into plane” transactions reported?

The contracted vendor:

- disburses fuel to the FBO so it can be given to “into plane” customers. If the FBO is:
 - a licensed distributor, report the sale on schedule 6D.
 - an unlicensed distributor, sell the fuel with tax and no disbursement is reported.
- receives information about the sale from the FBO.
- bills the “into plane” customer.
- receives fuel and reports a fuel receipt from the FBO for each disbursement to the “into plane” customer, using the plane's tail number as the Document Number.

The licensed FBO:

- receives fuel from the vendor and reports it on schedule 2A.
- gives fuel to the “into-plane” customer.
- reports the disbursement to the vendor on schedule 6D, using the tail number as the Document Number.
- receives fuel from the vendor to replace the fuel given to “into-plane” customer and reports it on schedule 2A.

15. Is it legal to sell tax-exempt aircraft fuel to non-licensees for export?

Yes. Washington State law allows unlicensed companies to buy tax-exempt aircraft fuel for export. This exemption is unique to aircraft fuel.

The following FTA Product Codes are accepted

| | |
|---|-----|
| Alcohol | 123 |
| Ethanol..... | 241 |
| Methanol (100%)..... | M00 |
| Aviation Fuel | |
| Aviation Gasoline..... | 125 |
| Jet Fuel..... | 130 |
| Blending Components | |
| Additive Miscellaneous..... | 090 |
| Butane, including butane-propane mix..... | 055 |
| Butylene..... | 198 |
| Naphtha..... | 126 |
| Toluene..... | 199 |
| Trans-mix..... | 100 |
| Waste Oil..... | 091 |
| Biodiesel – Undyed | |
| Biodiesel - Undyed (100%)..... | B00 |
| Biodiesel - Undyed (2%)..... | B02 |
| Biodiesel - Undyed (5%)..... | B05 |
| Biodiesel - Undyed (10%)..... | B10 |
| Biodiesel - Undyed (20%)..... | B20 |
| Biodiesel - Undyed (30%)..... | B30 |
| Biodiesel - Undyed (50%)..... | B50 |
| Biodiesel - Undyed (80%)..... | B80 |
| Biodiesel - Undyed (99%)..... | B99 |

Biodiesel - Dyed

| | |
|------------------------------|-----|
| Biodiesel - Dyed (100%)..... | D00 |
| Biodiesel - Dyed (5%)..... | D05 |
| Biodiesel - Dyed (10%)..... | D10 |
| Biodiesel - Dyed (20%)..... | D20 |
| Biodiesel - Dyed (30%)..... | D30 |
| Biodiesel - Dyed (50%)..... | D50 |
| Biodiesel - Dyed (99%)..... | D99 |

Diesel Fuel

| | |
|------------------------------------|-----|
| Diesel Fuel - Undyed..... | 160 |
| Low Sulfur Diesel #2 - Undyed..... | 167 |
| Diesel Fuel - Dyed..... | 228 |

Gasoline.....065

| | |
|-----------------------------|-----|
| Ethanol (100%)..... | E00 |
| Gasoline (Ethanol 10%)..... | E10 |
| Gasoline (Ethanol 15%)..... | E15 |
| Gasoline (Ethanol 70%)..... | E70 |
| Gasoline (Ethanol 85%)..... | E85 |

Heating Oil.....152

Kerosene

| | |
|-------------|-----|
| Dyed..... | 072 |
| Undyed..... | 142 |

Marine Fuel

| | |
|------------------------|-----|
| Marine Gas Oil..... | 280 |
| Marine Diesel Oil..... | 279 |

Modes of Transporting Fuel

| Mode | Code |
|-----------------------------------|------------------------------|
| Barge | B |
| Book Adjustment | BA |
| Summary | CE (Not used in Washington.) |
| Truck | J |
| Rail | R |
| Pipeline | PL |
| Ship | S |
| Stock Transfer | ST |
| Removal from Bulk Transfer System | RT (Not used in Washington.) |

**For definitions of modes, please refer to the glossary section.*

Glossary

637 Registration: Internal Revenue Service authorization allowing registrants to engage in certain activities. Fuel suppliers, Fuel Blenders, and Terminal Operators are required to hold the appropriate authorization in order to qualify for licensure.

-A-

Above the Rack: Fuel held within the bulk transfer terminal system.

Additives: Blending components including: Methyl alcohol, ethyl alcohol (ethanol), tertiary butyl alcohol (TBA), isopropyl alcohol, normal butyl alcohol, isobutyl alcohol, methyl tertiary butyl ether (MTBE), tertiary amyl methyl ether (TAME), di-isopropyl ether. These products are fully taxable when combined with motor or special fuel.

Aviation Gasoline: A fuel used in aircraft engines.

-B-

Barge: A large flat bottomed boat which can be used to carry fuel.

Below the Rack: Fuel located outside the bulk transfer terminal system (in retail stations, fuel trucks, railcars, etc.)

Bill of Lading Number: A unique identifier listed on each bill of lading.

Biodiesel: A petroleum diesel fuel substitute that is manufactured from vegetable oils, animal fats, or recycled greases combined with alcohol (ethanol or methanol). This term is also used to identify biodiesel blended with petroleum diesel.

Blending: Mixing of two products in order to produce fuel.

Blended Fuel: Any mixture resulting from the blending of any product.

Blender: Any person who engages in the process of blending a non-taxed product with a taxed fuel or producing fuel outside the bulk transfer terminal system. (Examples include biodiesel and ethanol.)

Blend stock: A component combined with other materials to produce a finished petroleum product.

Book Adjustment: A term used in the mode column to report the conversion of products into a blended product or to report clear special fuel converted to dyed on the Terminal Operator report. (See page 28 and 29).

Bulk: Any quantity of fuel sold or delivered except into fuel supply tanks of vehicles.

Bulk Transfer Terminal System: the fuel distribution system consisting of refineries, pipelines, vessels (e.g. barges), and terminals. It does not include ground transportation such as tank cars, rail cars, trailers, and trucks.

Bulk Inventory: Fuel stored in tanks or railcars and held outside the bulk transfer terminal system.

Butane: A colorless, odorless, easily liquefied, gaseous hydrocarbon. Butane is often added to regular gasoline to boost performance.

-C-

Common Carrier: A company paid to haul fuel for other companies.

-D-

Distributor: A company that sells or distributes fuel. This does not include deliveries into the fuel supply tanks of motor vehicles, motorboats, or aircraft. Distributors may also import or export fuel.

Diesel Fuel: Any liquid that is commonly or commercially known, offered for sale or used as a fuel in diesel engines.

Dyed Diesel: Diesel fuel to which color has been added to indicate that is not suitable for use in vehicles that are driven on highways and public roads and to indicate no fuel tax has been assessed.

-E-

Ethanol: Distilled alcohol added to motor fuel.

-G-

Gasohol: A blend of finished motor gasoline containing alcohol (generally ethanol but sometimes methanol) at a concentration of 10 percent or less by volume.

-K-

Kerosene: A light petroleum distillate that is used in space heaters, cook stoves, and water heaters and is suitable for use as a light source when burned in wick-fed lamps.

-M-

Motor Fuel: Gasoline and any other gas or liquid, when its main use is to power motor vehicles or vessels. Motor fuel does not include aviation gas.

-N-

Naphtha: A number of different flammable liquid mixtures of hydrocarbons used commonly as a blend stock.

Natural Gas: A gaseous liquid which can be used as a motor fuel or heating oil.

-P-

Pipeline: A network of interconnected pipes used to transport distilled petroleum products from one terminal to another or between refineries, terminals, or fuel distribution centers such as docks or airports,

Position Holder: A company that stores fuel in a terminal. The term includes a Terminal Operator who owns a liquid product in its terminal.

-R-

Rack: A dock, platform, or open bay with metered pipes, hoses or both that is used to dispense fuel from a refinery or terminal into a truck, railcar, marine vessel, or aircraft.

Refinery: A plant used to separate the various components present in crude oil and convert them into usable products or feedstock for other processes, including the production of motor, special and aircraft fuel.

-S-

Stock Transfer: The ownership transfer of fuel within the terminal from one position holder to another.

-T-

Terminal: Storage facility used to hold fuel, usually comprised of a gathering of large-capacity tanks.

Terminal Operator: Any company that owns, operates or controls a terminal.

Trans-mix: also known as interface, a reportable product which is created when two products become mixed in the pipeline. (Example: A load of gasoline is transported from one terminal to another via pipeline. This load is followed by a load of diesel transported in the same pipeline. Some of the diesel and gasoline become mixed, forming trans-mix.)

Links to Other Agencies, and Contacts

Department of Revenue Washington State: <https://dor.wa.gov/>

Washington State Department of Transportation: <https://www.wsdot.wa.gov/>

Federation of Tax Administrators: <https://www.taxadmin.org/>

Pollution Liability Insurance Agency, State of Washington: <https://www.plia.wa.gov/>

Washington Secretary of State: <https://www.sos.wa.gov/>

Washington Utilities and Transportation Commission: <https://www.utc.wa.gov/>

United States Internal Revenue Service: <https://www.irs.gov/>