



North Dakota Motor Fuels Newsletter

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Office of State Tax Commissioner

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Tax Reports – New Supply

A new six month supply of fuel tax report forms has been mailed and you should all have them by this time. We changed the line numbers on the back of the forms. We also changed the inventory reconciliation on the back of the Motor Vehicle Fuel Tax form. The new format is similar to the one used on the Special Fuel Tax form.

Please use the new tax report forms for current and future reports and destroy any previous left-over forms. The schedules have not changed. Revised instruction booklets will be mailed within the next two months.

Please remember to submit samples of computer generated tax reports and schedules for approval prior to using them.

Receipts, Disbursements, Inventories

Please complete the back section of the Motor Vehicle Fuel and Special Fuel tax reports each month. You may still elect to reconcile from your book inventory to your actual physical inventory once every 12 months at a period of your choosing. However, you need to enter your actual physical inventory readings each month even if you are not completing the reconciliation section of the form.

To start this new reporting process, it works best to reconcile from your book inventory to your physical inventory using the old method. [See the example on the back of this Newsletter.] This method eliminates the need to estimate how much of your previous book inventory belongs in each product category. For additional examples or assistance from the Motor Fuel Tax Section, call either Carol Heyd (special fuel) at 701-328-2920 or Lori Stockert (motor vehicle fuel) at 701-328-3150.

When reconciling from your book inventory to your actual physical inventory on the Motor Vehicle Fuel Tax report, you may elect to net out the gains and losses between gasoline, gasohol, and ethanol/alcohol using Column E line 39. If this method is used, complete Column E only for lines 40 through 42. The tax rate is \$.21 times the taxable loss on line 41.

If you have not started completing the back section of your Special Fuel Tax reports, please be sure to do so beginning with your March 2002 report due in April 2002. You may not net out the gains and losses on this report.

Period Covered by Reports

It has come to our attention that because the due date of the reports is the 25th of the month, some taxpayers believe the cut-off date for the report data needs to be the 25th of the prior month. Each fuel tax report should always cover transactions for the entire month.

Special Fuels – Kerosene

Kerosene is normally considered a heating fuel taxable at 2% of the sale price. Whether it is dyed or undyed is not a consideration for state tax purposes. If it is sold for use in licensed vehicles, it is always taxed at \$.21 per gallon and must be undyed. If it is sold for use in aircraft, it is taxable as a jet fuel at \$.08 per gallon, and the seller must have an aviation fuel tax license.

Fuel Sales to School Districts

Public and private school districts are not exempt from the state's motor vehicle fuel or special fuel taxes. Schools purchasing dyed fuel for heating purposes are subject to the 2% excise tax. Schools purchasing fuel for use in licensed vehicles, including buses, owned or leased by the schools are subject to the \$.21 per gallon tax.

Diesel fuel used in school buses should be undyed fuel for state purposes. However, due to a Federal fuel tax exemption, we are allowing an exception at this time. If the fuel is used in school buses owned or leased and operated by a school district, dyed diesel may be used but it is subject to the \$.21 per gallon state fuel tax.

Sales tax exemption certificates do not apply to fuel taxes.

Liquefied Petroleum Gas

Liquefied petroleum gas, for purposes of state fuel taxes, consists of propane only. Butane transactions should not be included on the tax reports or schedules.

Product Code 999

The Schedules of Gallons Received and Schedules of Gallons Disbursed list the applicable petroleum products and product codes. Product code 999 should be used only if a product is not on the list. When using product code 999, be sure to write the type of product beside the product code.

FEIN + State Suffix

Your FEIN together with a Motor Fuel Tax Section assigned suffix is your account number. In order to cross-check sales and purchases between licensees, we must have the correct account numbers for all transactions reported on schedules of gallons received and schedules of gallons

disbursed. The suffix default is 70. A number other than 70 is used when a company has more than one license under the same FEIN. If the suffix assigned to your company is other than 70, please be sure to provide the correct suffix to those from whom you purchase fuel and those to whom you sell the fuel.

If You Need Assistance, Contact

Motor Fuel Tax Section
 600 E. Boulevard Ave., Bismarck, ND 58505-0599
 Phone: (701)328-3139 Fax: (701)328-3700
 Tax Info. E-Mail: fueltax@state.nd.us
 Website: www.ndtaxdepartment.com

NORTH DAKOTA MOTOR VEHICLE FUEL TAX REPORT - TAX TYPE 61

Example - Reconcile Inventory from Book to Physical - Then Start New Month Using this Format Receipts, Disbursements, Inventories

FIRSTMONTH		All Gallons Must be Gross Gallons				
Please Complete Lines 30 Through 35 In This Section BEFORE Completing Lines 1 Through 8 on Front of Form		Column A	Column B	Column C	Column D	Column E
Transfer totals to applicable spaces on front of form		Gasoline Pro. Type 65	Gasohol Pro. Type 124	Unblended Alcohol/Ethanol Pro Type 123 or Pro Type 241	Total of Other Pro Type 999	Total of Columns A+B+C+D
30.	Inventory from line 34 (or from line 35 if a reconciliation was done) from prior month's report (Enter Column E total on line 1 on front of form)					40,500
31.	Purchases (Total of Schedules of Gallons Received Types 1, 2, & 3) (Enter Column E total on line 2 on front of form)					50,000
32.	Inventory Adjustments for Product Transfers (subtract from Cols. A & C, and add to Col. B) (transfers of gasoline and alcohol/ethanol to gasohol)					
33.	Sold and Used (total taxable sales and use plus total nontaxable sales) (Enter Column E total on line 4 on front of form)					35,000
34.	Ending Book Inventory for Current Month (line 30 plus line 31 plus/minus line 32 minus line 33) (Column E total must equal line 5 on front of form)					55,500
35.	Actual Physical Inventory Readings at End of Month Covered by Report	30,000	23,000	800		53,800
36.	Gain (if line 35 is greater than line 34, enter the gain on this line & STOP HERE) (Enter Column E total on line 6 on front of form)					
37.	Loss (if line 35 is less than line 34, enter the loss on this line & complete lines 38 through 42) (Enter Column E total on line 7 on front of form)					1,700
38.	Documented casualty loss (leakage, spills, fire, theft, or other) (attach statements - see instructions)					
39.	Balance of loss (line 37 minus line 38)					1,700
40.	Shrinkage allowance: a. Gallons purchased during period from _____ to _____					50,000
	b. Allowance (.005 times line 40a)					250
41.	Taxable loss (line 39 minus line 40b)					1,450
	Tax Rate	0.21	0.21	0.21	0.21	
42.	\$.21 Tax Due (Multiply \$.21 times line 41) (Enter Col. E total on line 23 on front of form)					304.50

Receipts, Disbursements, Inventories

Second Month		All Gallons Must be Gross Gallons				
Please Complete Lines 30 Through 35 In This Section BEFORE Completing Lines 1 Through 8 on Front of Form		Column A	Column B	Column C	Column D	Column E
Transfer totals to applicable spaces on front of form		Gasoline Pro. Type 65	Gasohol Pro. Type 124	Unblended Alcohol/Ethanol Pro Type 123 or Pro Type 241	Total of Other Pro Type 999	Total of Columns A+B+C+D
30.	Inventory from line 34 (or from line 35 if a reconciliation was done) from prior month's report (Enter Column E total on line 1 on front of form)	30,000	23,000	800		53,800

This concept and format also applies to the Special Fuel Tax report.