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STATE OF MICHIGAN

DEPARTMENT OF TREASURY

TREASURY BUILDING

LANSING, MICHIGAN 48922

REVENUE ADMINISTRATIVE BULLETIN 1988-10

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**WHOLESALE DISTRIBUTOR - 2% EVAPORATION AND LOSS DEDUCTION IN
COMPUTING THE GASOLINE TAX DUE**

RAB-88-10. The wholesale distributor is allowed a deduction of 2% of the total quantity of gasoline received in computing the gasoline tax due. This Bulletin clarifies the statutory requirement that one-third of the loss deduction shall be passed on to the retail dealers.

Statutory Requirement

The Motor Fuel Tax Act, MCL 207.108, requires that a wholesale gasoline distributor, at the time of computing the tax on the prescribed report, shall deduct 2% of the quantity of gasoline received to allow for evaporation and loss.

The statute also requires that at the time of filing the report and paying the tax, the wholesale distributor shall submit satisfactory evidence (Form C-3510 Certification of Sales to Retail Dealers) to the Department of Treasury that the amount of tax represented by one-third of the 2% deduction shall have been paid or credited to the retail dealers on the quantities sold to them during the period covered by the report.

Losses of Gasoline

If a wholesale gasoline distributor suffers a loss of gasoline relative to tax paid gallons, there will be no refund due the wholesaler for these lost tax-paid gallons. If there is an actual loss or contamination of a quantity of fuel, there is no provision for allowing such losses even if the loss exceeds the 2% deduction previously allowed.

Wholesale Distributors Who Are Marketing
Through Their Own Retail Stations

The Motor Fuel Tax Act, MCL 207.101, requires a licensed wholesale gasoline distributor to acquire gasoline for subsequent sale and distribution by tank cars, tank trucks, or both. If the licensed wholesaler is marketing gasoline only through its own retail stations, the wholesaler would not meet the definition of a wholesale distributor. They would not be permitted to be licensed and, therefore, they would not be entitled to the 2% evaporation and loss deduction in computing the gasoline tax.