



STATE OF MICHIGAN

DEPARTMENT OF TREASURY

TREASURY BUILDING

LANSING, MICHIGAN 48922

JAMES J. BLANCHARD, Governor
ROBERT A. BOWMAN, State Treasurer

REVENUE ADMINISTRATIVE BULLETIN 1990-16

Approved: April 12, 1990

REQUIREMENTS FOR SELLERS AND PURCHASERS OF DIESEL FUEL

(Replaces Revenue Administrative Bulletin 1988-3)

RAB-90-16. In 1983 the legislature amended Act 150, P.A. 127, as amended, specifically MCL 207.122(3), to allow a bulk supplier of diesel fuel to enter into an agreement with a purchaser of bulk diesel fuel to collect the Diesel Motor Fuel Tax from the purchaser and remit it to the Department of Treasury. The amendment requires the collection and payment of tax at the full rate. It does not allow non-taxable or partially taxable use to be collected and/or reported by the supplier. The bulk supplier must collect the tax at the full rate on the total gallons of diesel fuel delivered. This requirement has not been followed by diesel fuel suppliers and purchasers. The purpose of this Bulletin is to clarify the requirements of sellers and purchasers of bulk diesel fuel who have entered into such an agreement.

General Requirements

1. The Diesel Motor Fuel Tax is to be charged and remitted on all gallons of diesel fuel so delivered at the full rate of \$.15 per gallon. There shall be no discount tax rate charged or allowed on gallons that the purchaser consumes as a motor carrier licensee or may resell to motor carrier licensees. The motor carrier will receive the \$.06 per gallon discount by filing a separate Motor Carrier Tax return. The purchaser shall not be allowed any tax-free gallons for non-highway use when payment of the tax is made to the diesel dealer.
2. Under no circumstances is either the diesel dealer or the purchaser to claim any Diesel Motor Fuel Tax credit as an offset to any other tax reporting to the Michigan Department of Treasury, i.e., Sales Tax.
3. The sales invoices issued by the diesel dealer, and by the purchaser who is properly licensed to resell the diesel fuel, must have itemized the Diesel Motor Fuel Tax as a separate item.

Specific Requirements

Specific requirements of the seller and purchaser when the seller collects the Diesel Motor Fuel Tax on sales into bulk storage follow.

1. Seller's Requirements:

- A. Shall be holder of an unrevoked Diesel Motor Fuel Dealer Tax license and shall remit the tax collected on their Diesel Motor Fuel Tax returns.
- B. Shall collect the tax at \$.15 per gallon. The discount tax rate on a sale to motor carrier licensees cannot be charged.
- C. Report these tax-paid bulk sales on Schedule N and submit as part of the Diesel Motor Fuel Dealer Tax returns (form C-3579).

2. Responsibilities of a Purchaser that is a Diesel Motor Fuel Dealer Tax Licensee:

- A. Shall not make sales for non-highway use and/or shall not consume diesel fuel for non-highway purposes nor make discounted sales to motor carriers.
- B. Shall maintain a Diesel Motor Fuel Dealer Tax License. However, the requirement for filing Diesel Motor Fuel Dealer Tax returns will be waived.
- C. If the purchaser has more than one supplier, each seller must enter into the purchaser agreement if the purchaser is to receive the filing waiver.

3. Responsibilities of a Purchaser that is a Motor Carrier Licensee:

- A. Shall continue to file Motor Carrier Tax returns. This is the only method to receive the \$.06 per gallon discount. The purchaser shall only take credit for the fuel consumed during the period of the report.

Example: If 5,000 gallons are purchased and placed into storage during the period but only 3,000 gallons are consumed, the credit on the remaining inventory (2,000 gallons) cannot be claimed until it is consumed in a following reporting period.

- B. Shall not consume diesel fuel for non-highway use.

All purchasers and sellers who are a party to a signed authorization and are not currently following these procedures must comply with the above requirements immediately.

Purchasers must complete form C-3713 Certificate of Authorization for Bulk Diesel Fuel Purchaser. This form must be approved by the Department and the approved copy returned to the purchaser before the purchaser starts paying the supplier the diesel fuel tax. Copies of the Certificate are available from:

Michigan Department of Treasury
Motor Fuel Tax Division
Treasury Building
Lansing, Michigan 48922
Telephone: (517) 373-3183