

STATE OF MICHIGAN



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DEPARTMENT OF TREASURY

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REVENUE ADMINISTRATIVE BULLETIN 1991-12

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DIESEL TAX RATE CHARGED ON FUEL DISPENSED THROUGH KEY PUMP AND CARD PUMP SYSTEMS

(Replaces Revenue Administrative Bulletin 1991-4)

RAB-91-12. This bulletin clarifies the requirements for card pump systems contained in Revenue Administrative Bulletin 1991-4 and removes confusing language concerning refunds of diesel fuel tax paid on diesel fuel used for non-highway purposes

In all other respects, this bulletin restates the discussion contained in Revenue Administrative Bulletin 1991-4. It lists the requirements that diesel fuel retailers using key pump and card pump systems must meet before allowing the motor carrier discount to be given on eligible sales of diesel motor fuel. It states that the discount will not be allowed at the time of sale if the requirements are not met and provides an alternative method to be used by motor carriers to recover the discount.

BACKGROUND

The retail fuel industry is increasingly turning to computers for reasons of efficiency and cost savings. This trend is reflected in the use of card pump and key pump systems in the place of human attendants at the retail station. Unfortunately, these systems lack some of the controls that were available when the sales were made on a face-to-face basis, with the result that the motor carrier discount is often being given to anyone with access to a card or a key.

LAW

Section 22 of the motor fuel tax act, MCL 207.122; MSA 7.316(2), states:

There shall be allowed a discount of 6 cents per gallon of the tax imposed pursuant to subsection (1) if the diesel motor fuel is delivered into the fuel supply tanks of . . . a commercial motor vehicle licensed under the motor carrier fuel tax act, Act No. 119 of the Public Acts of 1980

APPLICATION

The motor carrier discount will be given at the time of sale only if all requirements set out in this bulletin are met.

Common Requirements

Retail sales of diesel motor fuel, whether controlled by a card pump system, a key pump system, by human attendants, or by some other method, must meet certain minimum requirements to be eligible for the motor carrier discount at the time of sale. At a minimum, the record of each transaction must contain the following:

1. Seller's name, address, and account number.
2. Date of sale.
3. Name of purchaser.
4. Serial number of the current-year license fuel decal or serial number of the 5-Day Fuel Tax Permit in the driver's possession.
5. Product sold.
6. Number of gallons.
7. Total price per gallon, including the current full Michigan motor fuel tax.
8. Indication of the 6 cent discount, shown as a separate item.

Additional Requirements for Card Pump Systems

Computer card pump systems provide for less control than when human contact is made with the motor carrier. Therefore, the following additional requirements must be met before the Department of Treasury will allow the discount at the time of sale:

1. The minimum required information listed above must be on each invoice or statement.
2. Pump access must require two cards, or one card plus the entry of a unique security code for the card used. The card must be specifically tied to the vehicle being fueled. In a two-card system, the second card must be assigned to the driver of the vehicle.
3. Odometer readings must be shown on each transaction.
4. Driver name and card number must be listed.
5. Total gallons and dollars by card for each billing period must be included on the periodic billings.

Failure to meet any of these requirements will result in the disallowance of any discount given at the time of the sale.

Key Pump System Requirements

Key pump systems are not as sophisticated as card pump systems. Therefore, the Department of Treasury requires that retailers with key pump systems meet only the minimum requirements listed above and are not required to meet the additional requirements imposed upon card pump systems. Again, failure to meet any of the minimum requirements will result in the disallowance of any discount given at the time of the sale.

Refund of Tax Paid Due to Retailer's Failure to Meet Requirements

If the retail dealer cannot meet the above requirements, the full tax must be charged on all retail sales of diesel fuel, including sales to trucks registered with current-year motor carrier license decals. Companies purchasing diesel fuel at the full tax rate for consumption in trucks registered with current-year motor carrier license decals will receive the discount when filing their Motor Carrier Diesel Fuel Tax Report (form C-3678).