

Introduction

Fuel tax is used to fund and support Washington State transportation systems. The Compliance Manual will provide 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 are Revised Code of Washington (RCW) Motor and Special Fuel 82.38 and Aircraft 82.42, Washington Administrative Code (WAC) Motor and Special Fuel 308.77 and Aircraft 308.78.

Contact Information

Phone: (360) 664-1852

Email: FuelTax@dol.wa.gov

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

Mail:

With payments, make payable to “Department of Licensing”
Department of Licensing
PRFT, Fuel Tax Services
PO Box 9048
Olympia WA 98507-9048

Without payment
Department of Licensing
PRFT, Fuel Tax Services
PO Box 9228
Olympia WA 98507-9228

Tax Structure

Washington is a “tax-at-the-rack” state. Fuel is taxable when it is removed from the terminal, imported into the state, blended with non-taxed products, or produced outside of the terminal.

Filing Methods

Our online system allows licensees to file, pay, claim fuel tax refunds, and manage their accounts through the Taxpayer Access Point (TAP) or to file in XML format. Electronic filing is not mandatory, however it allows the department to process your transactions more quickly. You may file through:

- TAP at [https://wadolprft.gentax.com/TAP/ /](https://wadolprft.gentax.com/TAP/).
- XML, send email inquiries to FTXMLReporting@dol.wa.gov.
- Paper returns at: <http://www.dol.wa.gov/forms/formsprft.html>.

Definition of fuel types

There are three fuel types in Washington for fuel licensees:

1. **Motor Vehicle Fuel:** gasoline and any other inflammable gas or liquid, by whatever name the gasoline, gas, or liquid may be known or sold when the chief use is as a fuel to power motor vehicles or vessels.
2. **Special Fuel:** diesel fuel, propane, natural gas, kerosene, biodiesel, and any other combustible liquid or gas by whatever name the liquid or gas may be known or sold to power motor vehicles on the highways, except it does not include motor vehicle fuel.

Dyed Diesel: fuel with red dye added to show no federal or state fuel taxes were included. Other industry names for dyed diesel are: marked fuel, farm fuel, “red dyed” diesel. This fuel is intended for authorized users or off-road use.

3. **Aircraft Fuel:** gasoline or any other liquid used to power aircraft.

Fuel license, certificate, and registration information

Supplier License: Authorizes the purchase, sale, and storage of non-taxed motor or special fuel within the bulk transfer terminal system. This includes the blending, import and export of fuel, and the non-taxed sale of fuel to a licensed distributor for export.

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 for immediate export; the importation 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.

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;
- a supplemental air carrier; or,
- 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/>

Common Terms and Definitions

Billed gallons: The gallons of fuel invoiced, whether net or gross.

Bulk storage: Any container other than the supply tank of a motor vehicle.

Bulk transfer-terminal system: The fuel distribution system consisting of refineries, pipelines, vessels, and terminals.

Date received: The date fuel is received in Washington by the purchaser.

Date shipped: The date the fuel sale took place.

Evasion: To reduce or avoid payment of tax or fees by making false statements, misrepresenting facts, deliberate omission of facts, failure to file a return or report, or other acts of deception.

Export: Fuel in Washington State sold or distributed, and off-loaded *outside* of the state.

Flash sales: Fuel sold to a licensed distributor or supplier who immediately sells it to another licensee before entering a terminal.

Gross gallons: The physical measurement of fuel not adjusted for temperature variances.

Highway: Any street or road open for public use for vehicular travel.

Import: Fuel obtained outside Washington State for sale or distribution *inside* this state.

Net gallons: The physical measurement of fuel adjusted to 60 degrees Fahrenheit.

Position holder: A company who has an agreement with a terminal operator to store fuel in terminal storage. This includes terminal operators who own fuel in their own terminals.

Rack: The mechanism that delivers fuel from a refinery or terminal into a truck, trailer, railcar, or other means of non-bulk transfer.

Refinery: Any facility used to process crude oil, unfinished oils, natural gas liquids, or other hydrocarbons into any accountable products or fuel.

Terminal: A fuel storage and distribution facility registered with the IRS and assigned a terminal control number.

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 for EFT instructions.

Amended tax returns: When filing via:

- TAP or XML, correct the applicable data on the schedules and returns and re-submit, showing all fuel transactions.
- paper, correct the first page of the return to show corrected figures. Report only added or deleted transactions on the supporting schedules. If removing a transaction, show it as a negative.

Note: Amendments for periods prior to July 2016 must be submitted via paper, using the previous tax return forms and schedules. These forms are available at our website www.dol.wa.gov.

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.

Product Codes

Product	Code	Type
Aviation Gasoline	125	Aircraft Fuel
Jet Fuel	130	Aircraft Fuel
Biodiesel - Dyed (5%)	D05	Dyed Special Fuel
Biodiesel - Dyed (20%)	D20	Dyed Special Fuel
Biodiesel - Dyed (50%)	D50	Dyed Special Fuel
Biodiesel - Dyed (99%)	D99	Dyed Special Fuel
Biodiesel - Dyed (100%)	D00	Dyed Special Fuel
Diesel Fuel - #1 or #2, Dyed	228	Dyed Special Fuel
Kerosene - Dyed	72	Dyed Special Fuel
Butane, including butane-propane mix	55	Motor Fuel
Gasoline	65	Motor Fuel
Additive Miscellaneous	90	Motor Fuel
Alcohol	123	Motor Fuel
Naphtha	126	Motor Fuel
Butylene	198	Motor Fuel
Toluene	199	Motor Fuel
Marine Gas	280	Motor Fuel
Ethanol (10%)	E10	Motor Fuel
Ethanol (15%)	E15	Motor Fuel
Ethanol (70%)	E70	Motor Fuel
Ethanol (85%)	E85	Motor Fuel
Ethanol (100%)	E00	Motor Fuel
Methanol	M00	Motor Fuel
Waste Oil	91	Special Fuel
Transmix	100	Special Fuel
Kerosene - Undyed	142	Special Fuel
Heating Oil	152	Special Fuel
Low Sulfur Diesel #1 or #2 – Undyed	167	Special Fuel
Marine Diesel	279	Special Fuel
Biodiesel - Undyed (2%)	B02	Special Fuel
Biodiesel - Undyed (5%)	B05	Special Fuel
Biodiesel - Undyed (10%)	B10	Special Fuel
Biodiesel - Undyed (20%)	B20	Special Fuel
Biodiesel - Undyed (50%)	B50	Special Fuel
Biodiesel - Undyed (80%)	B80	Special Fuel
Biodiesel - Undyed (99%)	B99	Special Fuel
Biodiesel - Undyed (100%)	B00	Special Fuel

Supporting Schedules

Schedule Type	Tax Return	Disbursement, Receipt, Other
Schedule 1 Gallons received tax-paid	Supplier, Distributor, Blender, Aircraft	R
Schedule 2 Gallons received tax-exempt	Distributor, Blender	R
Schedule 2A Gallons received from Washington terminal, tax-exempt (this includes fuel receipts from a refinery to a pipeline for direct export)	Supplier, Aircraft	R
Schedule 2B Gallons received tax-exempt blend stock	Supplier, Blender	R
Schedule 2E Gallons received tax-exempt for export (fuel must be immediately exported)	Distributor	R
Schedule 3 Gallons imported below terminal (bulk storage outside the terminal)	Supplier, Distributor, Aircraft	R
Schedule 4 Gallons imported to tax-exempt storage by truck/rail (received inside a terminal)	Supplier, Distributor, Aircraft	R
Schedule 6A Gallons sold tax-exempt to licensed distributors for export	Supplier	D
Schedule 6D Gallons sold tax-exempt to licensed suppliers	Supplier, Aircraft	D
Schedule 6F Gallons sold to IFTA authorized carriers OR sales of dyed diesel delivered to a Washington licensee	Supplier, Distributor	D
Schedule 6Z Gallons sold for racing (illegal for use on public highways)	Supplier, Blender, Distributor	D
Schedule 7 Gallons sold for export	Supplier, Blender, Distributor, Aircraft	D
Schedule 7F Gallons sold tax-exempt to unlicensed exporters	Aircraft	D
Schedule 8 Gallons sold tax-exempt to U.S. Government (see below for more information)	Supplier, Distributor, Aircraft	D
Schedule 10 Gallons sold tax-exempt into bulk storage to WA certified users	Aircraft	D

Schedule Type	Tax Return	Disbursement, Receipt, Other
Schedule 10C Gallons sold tax-exempt to urban passenger transportation systems	Supplier, Blender, Distributor	D
Schedule 10D Credit card sales to tax-exempt foreign diplomatic and consular missions	Supplier, Blender, Distributor	D
Schedule 10F Gallons delivered to tax-exempt storage Washington terminal	Supplier, Distributor, Aircraft	D
Schedule 10G Gallons sold to other tax-exempt entities	Supplier, Blender, Distributor, Aircraft	D
Schedule 10K Gallons delivered to exempt aircraft	Aircraft	D
Schedule 12A Gallons of tax-paid product sold from inventory	Blender	D
Schedule 12C Ending physical inventory below terminal	Blender, Aircraft	D
Schedule 13X Gallons of biodiesel rebranded to dyed	Supplier, Blender, Distributor	D
Schedule 14A Total gallons of fuel loaded at Washington terminal, refinery storage, or bulk plant and delivered to another state/country	Fuel Carrier	O
Schedule 14B Total gallons of fuel loaded at an out of state terminal or bulk plant and delivered in Washington	Fuel Carrier	O
Schedule 14C Total gallons of fuel loaded at a Washington terminal or bulk plant and delivered in Washington	Fuel Carrier	O
Schedule 15A Total receipts	Terminal Operator	R
Schedule 15B Total Disbursements	Terminal Operator	D
Schedule 15C Inventory	Terminal Operator	O

Using the supporting schedules

Receipt Schedules

Schedule 1: Report receipts of Washington tax-paid fuel and dyed diesel.

Schedule 2: Distributors use this schedule to report receipt of dyed diesel fuel. Blenders use this schedule to report fuel produced in Washington outside the bulk transfer terminal system.

Schedule 2A: Suppliers use this schedule to report tax-exempt fuel received from Washington terminals or refineries. It is not used to report receipts within the terminal. Aircraft Distributors use this schedule to report tax-exempt fuel from other Washington licensed

- distributors or from a Washington terminal.
- Schedule 2B: Suppliers and blenders use this schedule to report receipt of tax-exempt blend stock.
- Schedule 2E: Distributors use this schedule to report tax-exempt receipt of fuel for immediate export. This fuel must be purchased at a terminal from a licensed supplier.
- Schedule 3: Suppliers, distributors, and aircraft distributors use this schedule to report fuel imported outside the bulk transfer terminal system, via truck or rail. The destination of the fuel must also be outside the bulk fuel transfer terminal system.
Report dyed diesel for filing periods after June 30, 2016.
- Schedule 4: Suppliers, distributors, and aircraft distributors use this schedule to report fuel imported outside the bulk transfer terminal system to an IRS registered terminal or refinery, by truck or rail.
Report dyed diesel for filing periods after June 30, 2016.

Disbursement Schedules

- Schedule 6A: Licensed suppliers use this schedule to report gallons sold tax-exempt to licensed distributors for export. These sales must occur at an IRS registered Washington terminal. The fuel must be exported immediately with no diversions and cannot be held in bulk storage prior to export.
- Schedule 6D: This schedule is used by licensed suppliers and aircraft distributors. Suppliers use this schedule to report sales of motor, special, and dyed fuel to other licensed suppliers at the terminal. Sales within the terminal will be reported by the terminal operator. Licensed aircraft distributors use this schedule to report sales to other licensed aircraft distributors.
- Schedule 6F: Licensed suppliers and distributors use this schedule to report sales to International Fuel Tax Agreement (IFTA) authorized carriers (must be at least 5,500 gallons). It is also used for sales of dyed diesel to licensees for Washington sales. Do not use this schedule to report dyed diesel sold to:
 - an unlicensed distributor, or
 - licensed suppliers at the terminal or within the bulk transfer terminal system.
- Schedule 6Z: Licensed suppliers, blenders, and distributors use this schedule to report sales of racing fuel. The fuel sold cannot be legal for on-road use.
- Schedule 7: Licensed suppliers, blenders, distributors, and aircraft distributors use this schedule to report fuel exports. The fuel must be off-loaded in a jurisdiction outside Washington to qualify for this exemption.
- Schedule 7F: Licensed aircraft distributors use this schedule to report tax-exempt sales to unlicensed exporters of aircraft fuel. The fuel must be off-loaded in a jurisdiction outside Washington to qualify for this exemption.
- Schedule 8: This schedule is used by licensed suppliers, distributors and aircraft distributors. When selling special and aircraft fuel, all sales to the federal government are exempt and are reported on this schedule. Only motor fuel sold to the U.S. Armed Forces or National Guard for export qualify for an exemption.
- Schedule 10: Licensed aircraft distributors use this schedule to report tax-exempt sales to Washington Bulk Fuel Exemption Certificate holders (also called Certified Users).
- Schedule 10C: Licensed suppliers, blenders, and distributors use this schedule to report sales of special fuel and dyed special fuel to Urban Passenger Transportation Systems.
- Schedule 10D: Licensed suppliers, blenders, and distributors 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.
- Schedule 10F: Licensed suppliers, distributors and aircraft distributors use this schedule to report deliveries of fuel to IRS registered terminals in Washington.

Schedule 10G: Licensed suppliers, blenders, distributors, and aircraft distributors use this schedule to report sales to other tax-exempt entities.

These exemptions are specified in Washington law and include:

Motor fuel

- Public Housing Authorities

Special Fuel

- Publicly owned fire departments
- City, county, or state road construction and maintenance departments
- Public Housing Authorities

Aircraft

- Emergency medical air transport

Schedule 10K: used by licensed aircraft distributors to report tax-exempt fuel sold to qualifying aircraft. Examples include fuel used in manufacturing and testing, and for aircraft used in international flights.

Schedule 12A: used by licensed blenders to report gallons of tax-paid fuel sold from inventories held outside the bulk transfer terminal system.

Schedule 12C: used by licensed blenders and aircraft distributors to report ending physical inventory held outside the bulk transfer terminal system.

Schedule 13X: used by licensed suppliers, blenders, and distributors to report gallons of biodiesel (100%) dyed outside of the bulk transfer terminal system. See instructions below.

Schedule 14A: used by registered fuel carriers to report transportation of fuel exported from Washington to another jurisdiction.

Schedule 14B: used by registered fuel carriers to report transportation of fuel imported to Washington from another jurisdiction.

Schedule 14C: used by registered fuel carriers to report transportation of fuel from one Washington location to another Washington location.

Schedule 15A: used by licensed terminal operators to report receipts of fuel into the terminal for all position holders. A separate tax return is required for each terminal.

Schedule 15B: used by licensed terminal operators to report disbursements of fuel from the terminal for all position holders. A separate tax return is required for each terminal.

Schedule 15C: used by licensed terminal operators to report inventories of fuel in the terminal by fuel type for each position holder. A separate tax return is required for each terminal.

Special Instructions

Reporting Requirements for Flash Sales

Effective July 2016, licensed distributors and suppliers importing fuel outside the bulk transfer terminal system may claim an exemption for fuel delivered to a Washington terminal.

The following examples will help licensees determine taxability and reporting requirements:

Example 1

A licensed distributor or supplier (Company A) imports fuel via rail or truck to a licensed supplier (Company B) at a Washington terminal. The fuel is received into the Supplier B's inventory and remains in inventory throughout the remainder of the reporting period.

- Company A will report the import on schedule 4 Gallons imported to tax-exempt storage terminal by truck/rail (received inside a terminal). The disbursement is reported on schedule 10F Gallons delivered to tax-exempt storage Washington terminal.
- Terminal operator will report receipt on schedule 15A Total receipts.
- Company B will have no reporting requirement.

Example 2

A licensed distributor (Distributor C) imports fuel via rail or truck to a Washington terminal and sells the fuel to another licensed distributor (Distributor D.)

- Distributor C cannot take an exemption because Washington distributors cannot be position holders in a terminal. Therefore, this transaction takes place outside the terminal and the sale must be taxed.
- Distributor C will report the import on schedule 3 Gallons imported below terminal. The sale will not be reported.
- Distributor D will report receipt on schedule 1 Gallons received tax-paid.

Example 3

A licensed distributor or supplier (Company E) imports fuel via rail or truck to a Washington terminal and sells the fuel to a licensed supplier (Company F). Company F immediately sells the fuel to another supplier who is a position holder in the terminal (Company G).

- Company E reports the import on schedule 4 Gallons imported to tax-exempt storage terminal by truck/rail. If Company E is a supplier, the sale is reported on schedule 6D Gallons sold tax-exempt to other licensed suppliers. If Company E is a distributor, the sale is reported on 10F Gallons delivered to tax-exempt storage Washington terminal.
- Company F reports receipt on schedule 2A Gallons received from Washington terminal or refineries tax-exempt. The sale is reported on schedule 10F Gallons delivered to tax-exempt storage Washington terminal to other licensed suppliers.
- Terminal operator reports receipt of fuel on schedule 15A Total receipts.
- Company G has no reporting requirement.

Reporting Instructions for Aircraft Fuel Bulk Inventory Gains and Losses

If you have multiple bulk storage facilities net and report gains and losses as a single line item for each fuel type on Schedule 12C. If the total is a loss, report it as a negative number. In the “Document Number” field, enter “gain” or “loss.”

Do not report adjustments for gains or losses in your terminal inventories.

Reporting Instructions for Washington Dyed Diesel Receipts and Disbursements

To report Washington purchases and disbursements of dyed diesel and biodiesel outside the bulk transfer terminal system, use Schedule 2 Gallons received tax-exempt. Report dyed diesel purchased for immediate export on schedule 2E and dyed diesel imports on Schedules 3 and 4.

Report disbursements of dyed diesel to licensed distributors on schedule 6F Gallons sold to IFTA authorized carriers OR sales of dyed diesel delivered to a licensed distributor in WA. Report other disbursements on the appropriate schedules per instructions. Report only tax-exempt entities (i.e. the federal government, housing authorities, etc.) on schedule 10G.

Terminal Operator Filing Instructions

Washington state law requires terminal operators to provide information about position holders within each terminal, including sales and transaction details.

All terminal operators must complete all fields on the terminal operator report and schedules, including Federal Employer Identification Numbers (FEINs), Buyers, Sellers, and Carriers. If we are unable to determine the fuel seller, we may bill the wrong position holder for tax which is due from another company. If we cannot determine the fuel purchaser, the terminal operator may be billed for tax.

Common Questions and Answers

1. When is fuel tax imposed?

When fuel is:

- imported to Washington from another jurisdiction.
- produced in the state outside the bulk transfer terminal system.
- blended with a non-taxed product.
- removed from the bulk transfer terminal system.

2. Who is responsible for reporting?

- Licensed suppliers who buy and sell fuel at the terminal.
- Licensed distributors buying fuel at the terminal for immediate export.
- Licensed distributors importing fuel into the state.
- Licensed blenders producing fuel within Washington state.
- Licensed blenders mixing previously non-taxed products with taxed fuel.
- Licensed terminal operators who hold fuel in Washington terminals.
- Licensed fuel carriers who transport fuel in Washington by rail.

3. Who is responsible for paying fuel tax to the state?

- Suppliers who sell fuel to companies outside the bulk transfer terminal system.
- Fuel distributors importing fuel into Washington from another jurisdiction.
- Blenders adding non-taxed products to previously taxed fuel.
- Blenders producing fuel in Washington
- Aircraft distributors selling fuel to non-exempt entities.

4. Do I need to file a tax return if I don't have any operations in a month?

Yes. If you fail to file a tax return each month, your license will be revoked.

5. If I have multiple fuel tax licenses and one is revoked, what happens to the others?

All licenses will be revoked.

6. If I have multiple fuel tax licenses, do I need multiple bonds?

A single bond for motor and special fuel will be needed. If you have an Aircraft license, you will need a separate bond for this fuel type. More information can be found on our website.

7. Are biodiesel and ethanol taxable in Washington?

Yes, biodiesel and ethanol, including blends, are fully taxable.

8. How do I report exports from Washington?

Report exports on schedule 7. If you are the exporter in Washington, you must be the importer in the other jurisdiction. Fuel ownership must remain with the exporter until it is offloaded in the other jurisdiction. In order to receive a fuel tax exemption, the fuel must be exported immediately, not placed in bulk storage in Washington.

9. What identifier is needed for fuel transactions?

For most transactions the bill of lading (BOL) number is used. If pulling fuel from a pipeline, use the pipeline ticket number. Use weigh bill numbers for fuel moved by rail.

10. How do I report transactions for a prior period?

You must amend the period when the transaction occurred. Prior period adjustments are not allowed on current tax returns.

Note: TAP can only be used to amend tax returns for reporting periods after July 1, 2016. Any returns for reporting periods prior to July 1, 2016, must be mailed to our office. See below for the mailing addresses.

11. If fuel is imported below the rack by rail, what date should I report as the “Date Received” on the Receipt Schedule?

Report the date received in Washington.

12. What date should I report as the “Date Shipped?”

For fuel imported by truck or rail, use the date the disbursement transaction took place.