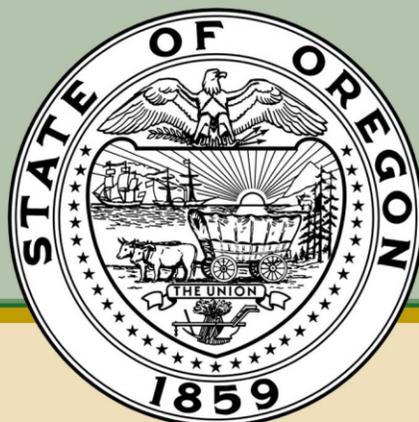


# FUELS TAX COMPLIANCE GUIDE FOR USE FUEL USERS



Fuels Tax Group



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# Introduction to Fuel Tax in the State of Oregon

*Whether we travel by train, plane, car, bus, bicycle, or on foot, we all depend in one way or another on a safe and reliable transportation system. A multi-billion dollar investment in our people, our environment and our state, Oregon's transportation system plays a role in nearly every aspect of life – we buy food that is trucked into a grocery store, our children ride to school on buses, tourists fly in, drive around the state and then fly out, fishermen earn a living with their boats, and goods are shipped in and out along rivers and the ocean – just to name a few.*

*A sound multimodal transportation system supports our existing economy, facilitates desired growth, reduces the costs of congestion and inefficiency, and links us together to promote success in all regions of the state.*

*The money that pays to preserve, improve and operate Oregon's road system comes from state, federal, county and city sources. Oregon funds its road system through "road user fees" based on these principles:*

- *Those who use the roads pay for them;*
- *Road users pay in proportion to the road costs for which they are responsible; and*
- *Road user fees are used for constructing, improving and maintaining roads.*

This publication discusses one of those "road user fees" - Fuel Tax. Fuel Tax is applied to all fuels used to propel motor vehicles on Oregon's roads and highways. The Fuel Tax program is governed by Oregon Revised Statute 319 which divides fuel into two categories:

- **Motor Vehicle Fuel and Aircraft Fuel** (gasoline, gasoline blends, and aviation fuel)
- **Use Fuel** (diesel, bio-diesel, propane, compressed natural gas, etc.)

Use Fuel is broken down further into three categories:

- **Use Fuel Seller** – Retail station, Fleet Fueling operation or Cardlock facility.
- **Use Fuel User** – someone who purchases untaxed fuel for use on-road.
- **Registered Bulk Distributor** – sells bulk Use Fuel but does not meet the definition of a Use Fuel Seller.

This publication continues by outlining the responsibilities and requirements of **Use Fuel Users**. Responsibilities and requirements of Use Fuel Sellers, Registered Bulk Distributors and Motor Vehicle Fuel Dealers are outlined in separate publications.

# Use Fuel Users

**NOTE:** This guide does not replace nor change Oregon Revised Statute 319 or any Administrative Rule. Answers are condensed and simplified for convenience. See the Oregon Revised Statutes, Chapter 319, or the Oregon Administrative Rules for complete laws and requirements. Contact the Fuels Tax Group for unusual circumstances or questions.

Use Fuel is taxed at the point it is dispensed into the fuel tank of a motor vehicle. This results in two types of Use Fuel licensees, Sellers and Users. There are some instances where a company may need to be licensed as both a Seller and a User.

A Use Fuel User is further defined as a person or business who meets any of the following:

- Owns or operates a vehicle over 26,000 pounds that is not subject to weight-mile taxes
- Oregon state agencies, counties, cities, rural fire protection districts or school districts with use fuel powered vehicles over 26,000 pounds
- Purchases use fuel without the tax for use in a motor vehicle
- Other users as defined by the Department

## What is Use Fuel?

Diesel, bio-diesel (including used cooking oil blends), propane, compressed natural gas (CNG), liquified natural gas (LNG) or any other liquid or gas usable as fuel for the operation of motor vehicles.

- Use Fuel is taxed at 38¢/gallon (subject to periodic increases)

## Why do I have to become licensed as a Use Fuel User?

Any person who purchases un-taxed Use Fuel and subsequently uses it in a taxable manner or purchases tax paid bulk fuel must become licensed as a Use Fuel User.

## How do I become licensed as a Use Fuel User?

The process begins with registering your company and completing an application for a license. Once this process is completed and the applicable documents (including a Surety Bond or Deposit in Lieu of Bond) are provided and the information is verified, a license is issued containing a unique license number which is used in all reporting and correspondence. Additional license details include:

- No licensing fees.
- Use Fuel User licenses are valid until cancelled and are **not** transferrable.
- Use Fuel User emblems are issued to a specific vehicle and are **not** transferrable.
- Use Fuel User emblems are issued for a calendar year and can be renewed each year.
- A change in legal entity may require re-licensing (contact the Fuels Tax Group for further assistance).

See the section entitled “Application and Registration Process”.

## Once I am licensed, what do I need to do?

Compliance with Fuel Tax law consists of several things:

- Record keeping
  - Tank inventory readings (at least monthly) if you have a bulk tank
  - Pump meter readings (at least monthly) if you have a bulk tank
  - Purchase invoices from your suppliers including any Oregon use fuel tax collected
    - Bulk tank deliveries
    - Cardlock network periodic statements
    - Fleet Fueling periodic statements

- Retail purchase invoices
  - Consumption records if fuel is withdrawn from a bulk tank or 'slip' tank for use in multiple vehicles or equipment
  - Mileage and consumption records for all use fuel vehicles
- Reporting
  - Submission of Use Fuel User Tax Report - summary of activity resulting in a potential tax liability
  - Submission of payment of the tax liability (if applicable)
  - Report due dates - based on average tax liability
    - At least \$300 per month - Monthly reporting due on 20<sup>th</sup> of the next calendar month
    - Less than \$300 per month but more than \$100 per year - Quarterly reporting due on the 20<sup>th</sup> of the next calendar month
      - 1<sup>st</sup> Quarter due April 20<sup>th</sup>
      - 2<sup>nd</sup> Quarter due July 20<sup>th</sup>
      - 3<sup>rd</sup> Quarter due October 20<sup>th</sup>
      - 4<sup>th</sup> Quarter due January 20<sup>th</sup>
    - Less than \$100 per year - Annually on January 20<sup>th</sup> of the following year
    - If the due date falls on a weekend or holiday, the due date is the next business day.
- Compliance
  - Participation in and cooperation with periodic audits.
  - Required records must be kept for three years and made available upon request during normal business hours.
  - In the event the auditor for the state is, at any time, required to be outside of Oregon in order to examine such records, the licensee will be required to reimburse the state for travel expenses, including transportation, meals, and lodging costs incurred by the auditor.

### **What if I add or remove vehicles?**

You may report the new vehicle even if an emblem has not yet been issued. Record the beginning odometer reading when the vehicle was purchased, and the ending odometer reading for the reporting period.

If you sell or discontinue use of a vehicle, record the ending odometer reading as of the date of the sale (or removal from use) on the last report for the vehicle.

### **What is involved in an audit?**

Audits review records and verify the accuracy of information reported. Audits are completed from our office or at the licensee's location. Supporting documents may be requested in an audit. This includes items listed in the "Recordkeeping" section of this guide.

### **What are the penalties for non-compliance?**

Penalties and interest are applied based on the area of non-compliance.

- Filing late reports and/or payments = 10% of the tax owed
- Reports and payments are considered to be timely if received in our office on or before the due date. The due date is the 20<sup>th</sup> of the month following the report period.
  - Example: If you are filing July's report, the report and payment must be received on or before the 20<sup>th</sup> of August.
- Late penalties and interest apply to audit assessments as well.
- The interest applied to late payments of tax is .0329% (.000329) daily which is approximately 1% per month or 12% per year.
  - Example: You filed your report 3 days late. You owed \$300.00 in taxes. You multiply the tax owed by 3 and by the interest amount of .000329.
    - $300 \times 3 \times .000329 = \$0.30$  in interest.
- Unlicensed use of ex-tax fuel = 25% of the tax liability

### **How often will the Fuels Tax Group be in contact with me?**

We will contact current licensees/registrants with updated information or reporting requirements, changes in application of Fuels Tax Law or changes in industry that affect compliance.

We will contact you in writing for:

- Reports/payments not received.
- Errors in tax reports resulting in a change to the tax owed.
- Errors or missing required information.
- Any other issue that requires your attention.

### **How do I cancel my Use Fuel User license?**

License cancellations are requested through the Oregon Fuels Tax System. If necessary, requests may be submitted in writing to the Fuels Tax Group or by completing a cancellation form (available on the Fuels Tax Group website at <https://www.oregon.gov/ODOT/FTG/Pages/Fuels-Tax-Forms.aspx>). The written request must contain:

- License information
- Last date of operation
- Disposition of business (closed, sold, no longer using Use Fuel, etc.)
- Name and contact information of new owner (if applicable)

The Fuels Tax Group may also contact you if we find reason to believe you no longer need to be licensed.

You are responsible for filing Use Fuel User tax reports through the date of sale or closure.

***NOTE:** Writing “final report” or similar verbiage on a Use Fuel User paper tax report may not result in your license being cancelled timely. These comments do not provide sufficient information to cancel the license.*

### **Once I am filing reports, may I change the filing frequency?**

Report filing due dates are based on the average tax liability of the licensee’s operations. If the tax liability decreases, the licensee may contact us (in writing) and request a change in their filing frequency. Additionally, the Fuels Tax Group periodically reviews licensee filing history and will advise those licensees subject to the need to change reporting frequency.

# Application and Registration Process

Account Applications and License Registrations are submitted through the Oregon Fuels Tax System. If additional information is needed, we will attempt to make contact by phone, email, or postal mail to obtain the information. When all the required information is provided, the license will be issued.

## **Completing the Application**

The Fuels Tax Group website contains a link to the Oregon Fuels Tax System as well as tutorials for completing the registration and application processes: <http://fuelstax.Oregon.gov>

Information needed to complete the process include:

- type of operation
- ownership information
  - Articles of Incorporation
  - LLC Operating Agreement
  - Partnership Agreement
  - Charter or Certificate of Authority To Do Business
  - any other document showing owners of the business;
- list of storage facilities in Oregon, and
- the date use fuel was first used in Oregon

Vehicle information for the emblems requested:

- emblem action (add new, renew existing, or remove vehicle)
- emblem number (for renewal or removal)
- vehicle description (year, make, model)
- vehicle ID number from the title or registration document
- license state and plate number if licensed
- fuel type (diesel, propane, CNG, etc.)
- combined weight (required if over 10,000 GVWR)

Power of Attorney forms are also available and required if the licensee is using a person or entity to act on their behalf. The Fuels Tax Group will not provide information to anyone who is not duly authorized by the licensee.

## **Completing the Use Fuel User Bond/Deposit in Lieu of Bond**

Bonds ensure recovering revenue in case of default by the tax payer. Two options are available to provide funds:

- Bond
  - An original signed form from a credible bond company.
  - The form must be signed by you and the bond company as proof a bond was in place at the time of licensing.
- Deposit in Lieu of Bond
  - Places personal funds in deposit with the Department of Transportation.
  - These funds are held until closure or sale of business.

Both forms can be obtained online or by request.

Bonds are twice the estimated monthly tax liability. If the tax cannot be determined the minimum bond amount is \$100.

Bond amounts may be subject to change. Please submit a request in writing for review if your operations change. Bonds may be modified if the Fuels Tax Group notices a change in operations during a review/audit.

# Tax Report Instructions

The tax report submitted online is a summary of total gallons used and taxable. These totals are supported by your internal vehicle and fueling records including odometer readings and fuel consumption records. See the Record Keeping section of this guide for more information on records that must be maintained.

**In the event the Oregon Fuels Tax System is not available, the tax report may be submitted using a paper report. Complete the report as follows:**

## **Company Information:**

Enter the name under which your Oregon Use Fuel User License is issued, Tax Identification Number, license number, calendar month and the year for which this report is filed, address and name and title of report preparer.

## **ROUND ALL GALLONS REPORTED TO ZERO DECIMAL PLACES**

**Line 1 – Tax Paid Retail, Cardlock, and Fleet Fueling Purchases** - Enter total purchases of tax paid fuel from these sources

**Line 2 - Tax Paid Bulk Fuel Purchases** - Enter total purchases of tax paid fuel from bulk deliveries

**Line 3 – Ex-Tax Retail, Cardlock, and Fleet Fueling Purchases** - Enter total purchases of un-taxed fuel from these sources

**Line 4 – Ex-Tax Bulk Fuel Purchases** - Enter total purchases of un-taxed fuel from bulk deliveries

**Line 5 – Total Fuel Purchased** – Add lines 1 through 4

**Line 6 – Total Gallons Used in Reporting Period** – Enter total gallons placed in all vehicles for reporting period

**Line 7 – Gallons Used in Non-Taxable Manner** – Enter total gallons used in a non-taxable manner in all vehicles for reporting period

**Line 8 - Taxable Gallons Used In The Reporting Period** – Subtract Line 7 from Line 6

**Line 9 – Total Tax-Paid Gallons Purchased** – Add lines 1 and 2

**Line 10 - Taxable Gallons** – Subtract Line 9 from Line 8. If result is a negative amount (credit), enter zero.

**NOTE: If you have non-taxable use, you should be purchasing all fuel without the tax. Tax is then paid on taxable gallons only.**

## **CALCULATION OF TAX and TOTAL DUE**

**Line 11 - Use Fuel Tax** - Multiply the gallons on line 10 times the current use fuel tax rate.

**Line 12 – Penalty** - Multiply the Use Fuel Tax due on line 11 by 10% (0.1) if filing after the due date.

For example, \$3,500 in tax was paid 10 days late would result in a late payment penalty of \$350 (3500 x 0.1).

You may request, via email or in writing, a waiver of the late payment penalty. In your request, explain why the payment was late. Once the request is received, it will be reviewed to determine whether you meet the criteria for a penalty waiver.

**Line 13 - Interest** – Enter the number of days late. This is the difference from the due date of the tax report (20<sup>th</sup> of the month following the period in which the tax report was due) and the date the tax report is received by ODOT.

- Multiply the number of days late by the tax due on line 11
- Multiply the result by .000329
- Enter the result in Line 13

**Line 14 - Total Oregon Tax, Interest and Penalty** - Add the amounts on lines, 11, 12, and 13.

**Line 15 – City of Portland Use Fuel Tax** – Multiply line 10 by 10 cents (.1). Leave blank if you are not operating within Portland city limits.

**Line 16 – City of Portland Penalty** - Multiply the Use Fuel Tax due on line 15 by 10% (0.1) if filing after the due date.

For example, \$3,500 in tax was paid 10 days late would result in a late payment penalty of \$350 (3500 x 0.1).

You may request, in writing, a waiver of the late payment penalty. In your request, explain why the payment was late. Once the request is received, it will be reviewed to determine whether you meet the criteria for a penalty waiver.

**Line 17 – City of Portland Interest** – Enter the number of days late. This is the difference from the due date of the tax report and the date the tax report is received by ODOT.

- Multiply the number of days late by the tax due on line 15
- Multiply the result by .000329
- Enter the result in Line 17

**Line 18 – Total Use Fuel User Tax, Interest and Penalty** – Add lines 15, 16 and 17

**Line 19 – Grand Total** – Add lines 14 and 18

**SIGNATURE** – Sign the report and include Printed Name, Title and date

If this report is made by a sole proprietor, the owner is required to sign their own report. If this report is made by a corporation, partnership, limited liability company, association, or other business organization, it must be signed by one of the principal officers, owners, or partners.

**NOTE: If you are not located within the city of Portland but have operations within city limits, contact the Fuels Tax Group for additional requirements.**

# Example of the Tax Report



OREGON DEPARTMENT OF TRANSPORTATION  
 FUELS TAX GROUP, MS 21  
 355 CAPITOL ST NE  
 SALEM OR 97301-3871  
 PH: (503) 378-8150 OR (888) 753-2525  
 FAX: (503) 378-3060

## USE FUEL USER TAX REPORT

Website: <http://fuelstax.oregon.gov>  
 email: [ODOTFuelsTax@odot.state.or.us](mailto:ODOTFuelsTax@odot.state.or.us)  
**MAIL REPORT AND REMITTANCE TO:**  
 ODOT FUELS TAX GROUP, UNIT 08  
 PO BOX 4395  
 PORTLAND OR 97208-4395

COMPANY INFORMATION				
COMPANY NAME	FEIN	LICENSE NUMBER	TAX REPORT PERIOD	<input type="checkbox"/> AMENDMENT
ADDRESS	CITY	STATE	ZIP CODE	NAME AND TITLE OF PREPARER
USE FUEL PURCHASES				GALLONS
1. TAX PAID RETAIL, CARDLOCK AND FLEET FUELING PURCHASES				
2. TAX PAID BULK FUEL PURCHASES				
3. EX-TAX RETAIL, CARDLOCK, AND FLEET FUELING PURCHASES				
4. EX-TAX BULK FUEL PURCHASES				
5. TOTAL FUEL PURCHASED (ADD LINES 1 THROUGH 4)				
USE FUEL USED				GALLONS
6. TOTAL GALLONS USED IN REPORTING PERIOD				
7. GALLONS USED IN NON-TAXABLE MANNER				
8. TAXABLE GALLONS USED IN THE REPORTING PERIOD (SUBTRACT LINE 7 FROM LINE 6)				
9. TOTAL TAX PAID GALLONS PURCHASED (ADD LINES 1 AND 2)				
10. TAXABLE GALLONS (SUBTRACT LINE 9 FROM LINE 8)				
TAX CALCULATIONS				DOLLARS
11. USE FUEL TAX (MULTIPLY LINE 10 BY 0.34. IF LINE 10 IS ZERO OR LESS, THE TAX IS 0.00)				\$
12. PENALTY (MULTIPLY LINE 11 BY 0.10)				\$
13. INTEREST (MULTIPLY TAX ON LINE 11 BY NUMBER OF DAYS LATE BY 0.000329)      NUMBER OF DAYS _____				\$
14. TOTAL OREGON TAX, INTEREST, AND PENALTY (ADD LINES 11, 12, AND 13)				\$
15. CITY OF PORTLAND USE FUEL TAX (MULTIPLY LINE 10 BY 0.10. IF LINE 10, IS ZERO OR LESS, THE TAX IS 0.00)				\$
16. CITY OF PORTLAND PENALTY (MULTIPLY TAX ON LINE 15 BY 0.10)				\$
17. CITY OF PORTLAND INTEREST (MULTIPLY LINE 15 BY NUMBER OF DAYS LATE BY 0.000329)				\$
18. TOTAL USE FUEL USER TAX, INTEREST, AND PENALTY FOR THE CITY OF PORTLAND (ADD LINES 15, 16, AND 17)				\$
19. GRAND TOTAL (ADD LINES 14 AND 18)				\$
SIGNATURE				
<b>CERTIFICATION OF USER:</b> I HEREBY CERTIFY THAT THIS REPORT, INCLUDING ANY ACCOMPANYING INFORMATION AND STATEMENTS, IS A FULL, TRUE, AND COMPLETE REPORT OF THE NUMBER OF GALLONS OF "FUEL" AS DEFINED BY ORS 319.520 USED TO PROPEL MOTOR VEHICLES ON THE HIGHWAY. <b>NOTE:</b> THIS REPORT MUST BE SIGNED BY A PRINCIPAL OFFICER OR BY AN AUTHORIZED AGENT WHEN MADE BY A CORPORATION, AND BY THE MANAGING AGENT OR OWNER WHEN MADE BY A FIRM OR ASSOCIATION. AN INDIVIDUAL IS REQUIRED TO SIGN HIS OR HER OWN REPORT.				
SIGNATURE	PRINT NAME	TITLE	DATE	

FORM 735-1325 (1-18)

MAKE CHECKS PAYABLE TO THE OREGON DEPARTMENT OF TRANSPORTATION











# Amending Tax Reports

The purpose of amended reports is to show increases or decreases to gallons and amounts previously reported for a given period. Complete a tax report in the same manner as detailed above but check the AMENDMENT box.

**NOTE:** Do not show amendments for multiple report periods on the same amended report.

Only include data omitted from the original report. This may result in additional tax owed (unreported taxable gallons) or a credit (unreported tax-paid purchases). In some cases, it may result in a zero report if the data being reported was not subject to tax.

## Terminology and Definitions

**Bulk Use Fuel Purchases:** These are generally deliveries of use fuel into a bulk storage tank. This tank may be set in a fixed location or portable, but is separate from the tank that operates a vehicle or equipment.

**Cardlock Card:** A fuel card that is used at non-retail facilities

**Ex-tax Purchases of Use Fuel:** Ex-tax purchases occur when Use Fuel is dispensed into vehicles, equipment or containers that are exempt from the Oregon state fuel tax at the time fuel is sold. An invoice documenting the sale and the reason the sale is exempt is completed at the time of the transaction.

**Fleet Fueling:** Fleet Fueling is a mobile retail operation, where a Use Fuel Seller places use fuel directly into a single motor vehicle or a fleet of motor vehicles. The site of the fueling will typically be based upon the location of the vehicle or fleet of vehicles.

**Natural Gas (CNG or LNG):** Compressed Natural Gas (CNG) or Liquefied Natural Gas (LNG) are other forms of Use Fuel, and are reported on the Use Fuel User Tax Report. CNG/LNG is not taxable unless it is put into a motor vehicle.

**Location Code:** A nine digit alpha-numeric code assigned by the Fuels Tax Group to identify physical locations of fuel deliveries.

**Propane:** Propane is another form of Use Fuel, and is reported on the Use Fuel User Tax Report. Propane is not taxed unless it is put into a motor vehicle.

**Retail Fueling Station:** This is a fueling facility where attendants dispense fuel into a motor vehicle. It also includes truck stops, where customers may dispense fuel into their own vehicles and attendants close the sales transactions.

**Rounding:** When rounding gallons, anything 0.5 and above rounds up to the next whole gallon, and anything below 0.5 rounds down to the next whole gallon. For example, 45,495.501 rounds up to 45,496, while 53,437.492 rounds down to 53,437.

**Tank Inventory Readings:** Tank readings or stick readings measure the physical inventory (in gallons) of the fuel in the tank at that point. Tank readings may be physical stick readings, or a print from an electronic tank monitoring system that reads the tank inventory. Oregon law and administrative rules require that tank readings be taken at least once a month, at the close of business on the last day of the calendar month. Tank readings are to be retained with other Use Fuel User records for at least three years.

## CONTACT INFORMATION

For additional information or questions not addressed in the instructions provided, please contact us:

### FOR GENERAL CORRESPONDENCE

Oregon Department of Transportation  
Fuels Tax Group – MS21  
355 Capitol St NE  
Salem OR 97301-3871

Telephone	(503) 378-8150 or (888) 753-2525
Fax	(503) 378-3060
E-mail	<a href="mailto:ODOTFuelsTax@odot.state.or.us">ODOTFuelsTax@odot.state.or.us</a>
Website	<a href="http://fuelstax.oregon.gov/">http://fuelstax.oregon.gov/</a>

For direct numbers to specific staff members, please see our website. We are available from 8:00 am to 5:00 pm Monday through Friday.

### MAIL REPORTS AND PAYMENTS TO

Oregon Department of Transportation  
Fuels Tax Group Unit 06  
P O Box 4395  
Portland OR 97208-4395

**NOTE:** Through the instructions in this guide, the Fuels Tax Group has attempted to completely and correctly advise licensees on proper compliance including tax report completion and record keeping requirements. This guide is not intended to replace or change Oregon Revised Statute 319 or any Administrative Rule. We have made our best effort to address all types of reporting situations, however, due to changing technology or unusual circumstances, it is possible that a licensee may receive special instructions from an auditor intended to address *only that special situation*.



