

SPECIAL FUEL SUPPLIER TAX REPORTING INSTRUCTIONS

Special Fuel, as defined under 30 Del C c. 51 §5131(4), means and includes all combustible gases and liquids suitable for the generation of power for propulsion of motor vehicles, except that it does not include gasoline (as defined in 30 Del C c. 51 §5101).

Effective July 1, 2007, Special Fuel Suppliers will only be required to report all receipts and distribution of low sulfur clear diesel (Product Code 167) AND taxable distribution (Schedule 5) of any other special fuels that are required to be sold to customers tax-paid. The non-taxable receipts and distribution of special fuels delivered to customers that are for off-highway use, heating/cooking purposes, etc. (i.e. heating oil, dyed diesel, kerosene) will no longer be required to be reported. Please call the Motor Fuel Tax Administration at (302) 744-2715 if you have any questions.

A tax return must be filed even if there is no Delaware activity for the month. Check the applicable box to indicate the return is being filed with no activity. A signed copy of the return must be filed by the due date of the return to avoid a penalty for late filing.

Complete the top portion of the tax return by recording report month, license number, name of licensee, address of licensee, and your company's Federal Employer Identification Number or Social Security Number. Check the applicable box to indicate if the return being filed is an original return, an amended return, or a final return.

Round all gallon figures to the nearest whole gallon. All gallon figures must be reported at gross gallons.

Line 1 – Tax Paid & Tax Free Special Fuel Purchases: Include all tax paid and tax free special fuel purchase for the month on these lines. A separate schedule must be filed for each product type. (For example-low sulfur diesel, high sulfur diesel, kerosene, propane, etc.) Complete a separate form for each schedule required, and record the type of schedule, type of product, and total gallons in the space provided.

SCHEDULE 1 – Report Delaware tax paid receipts only.

SCHEDULE 2 – Report tax-free receipts from locations within Delaware.

SCHEDULE 3 – Report gallons imported from another state direct to customers.

SCHEDULE 4 – Report gallons imported from another state into tax-free storage.

You must complete the Motor Fuel Tax Multiple Schedule of Receipt, and enter summary totals for each schedule in the space provided. Please follow the receipt instruction sheet provided. On each Multiple Schedule of Receipts form, you must report monthly receipt gallon totals, broken down on a per-Supplier basis.

Line 2 – Taxable Sales/Use: Include taxable gross gallons sold to licensed retail stations and unlicensed Special Fuel User/Dealers. Also, include any taxable use in your own vehicles, and any taxable sales of special fuel into the supply tanks of licensed motor vehicles not owned or controlled by you. Sales of clear diesel fuel must be taxed, unless those sales are made to licensed Special Fuel Suppliers, Users or Dealers, in accordance with the Delaware Special Fuel Tax Law, and the Policy Directive on the "Taxation of Low Sulfur Clear Diesel Fuel", which became effective as of October 15, 1995. Enter total taxable sales/use gallons on line number 2.

You must complete the Motor Fuel Tax Multiple Schedule of Disbursements, and enter summary totals for each schedule in the space provided, by product type. Please follow the disbursement instruction sheet provided.

Line 3 – Non-Taxable Sales/Use/Exports: Include all non-taxable sales or use (except for credit card sales to authorized exempt entities, which are reported on Line 6), using the appropriate disbursement schedule. Exports must also be reported by using the appropriate schedule number. All non-taxed sales/use and exports must be in compliance with Delaware Special Fuel Law & Policy Directive on the "Taxation of Low Sulfur Clear Diesel Fuel", which became effective October 15, 1995.

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You must complete the Motor Fuel Tax Multiple Schedule of Disbursements, and enter summary totals for each schedule in the space provided. Please follow the disbursement instruction sheet provided.

Line 4 – Total Taxable Sales/Use Disbursements: Enter the total gallons from line 2.

Line 5 – Less: Tax Paid Special Fuel Purchases: Please enter the number of tax paid Special Fuel gross gallons your company purchased for resale or company bulk storage during the month (per receipt schedule #1):

Line 6 – Less: Credit Card Sales to Authorized Exempt Entities: Special Fuel Suppliers may deduct gallons of Low Sulfur Clear Diesel sold via Credit Cards to authorized exempt entities, through retail outlets owned/operated or supplied by them. In order to claim the deduction, you must insure that each exempt purchaser is the holder of a valid Delaware Motor Fuel Tax Exemption certificate. You must complete the Motor Fuel Tax Schedule of Disbursements, Schedule 11, and enter the summary total for this schedule on Line 6 of the tax return, in the space provided.

Line 7 – TAX – Net Taxable Sales/Use Due: Subtract line 5 and line 6 from line 4 to arrive at the Total Net Taxable Sales/Use for the month.

Line 8 – Total Tax Due: Multiply the line 6 gallon amount by \$0.22, the state excise tax rate on special fuels.

Line 9 – Enter the amount of any valid credit memos approved by this office to be applied to future tax liabilities. Only valid credit memos for the same license number may be applied to the monthly tax liability. Attach a copy of the credit memo applied to the tax return filed for reference.

Line 10 – Subtract Line 9 from Line 8. This is the total net tax due. Make checks payable to Delaware Motor Fuel Tax Administration.

Print the name and title of the individual authorized to sign the return. The tax report MUST be signed and dated by an authorized signor. If a tax report is received without a signature, the tax report will be returned to the company for signature. All tax reports returned for signature and received after the due date of the tax report will be considered late filed and subject to late filing penalty.

The Special Fuel Supplier tax return is due on or before the 25th day of the next succeeding calendar month following the monthly period to which it relates. When the 25th day of the month falls on a weekend or state holiday, the due date of the report shall be the next following business day of the State. (For example, the tax return for the June 2007 activity would be due on August 25, 2007) For each reported filed late there shall be a penalty of \$5.75 per business day of this State up to a maximum of \$28.75 for each such report. For each report filed more than 5 business days late, the penalty shall be \$28.75 or 12 percent of the tax due, whichever is greater, for each such report. Any tax due shall also bear interest at the rate of 1 percent per month, or fraction thereof.

NOTE: Any licensed motor fuel (gasoline) or special fuel account that has a combined monthly tax liability exceeding \$20,000 must remit tax payment via Electronic Funds Transfer (EFT). Please call the Motor Fuel Tax Administration at (302) 744-2715 should you need further instructions regarding EFT.

Please call the Motor Fuel Tax Administration at (302) 744-2715 should you have questions regarding the rest of the instructions. Blank forms and tax returns in a Microsoft Excel spreadsheet format are available on our website at www.deldot.net/static/mfta.