



MOTOR FUEL INSTRUCTION MANUAL

FUEL TAX SCHEDULES & REPORTS



OFFICE OF STATE TAX COMMISSIONER
600 E. Boulevard Ave.
Bismarck, ND 58505-0599

tax.nd.gov
fueltax@nd.gov

North Dakota Office of State Tax Commissioner

Fuel Tax Instruction Manual

Entities are Required to be Licensed to Conduct Fuel Transactions in North Dakota

North Dakota law requires suppliers, distributors, importers, and exporters to be licensed with the State Tax Commissioner PRIOR TO doing business in the state. This means that **no licensed entity should enter into any type of fuel transaction in North Dakota with a business not licensed in this state. This applies to all fuel types; i.e. motor vehicle fuel, special fuels, liquefied petroleum gas and aviation fuels. All sales to non-licensed entities or consumers are taxable.**

These instructions are for use with the fuel tax schedules and reports. The tax reports are schedule driven, meaning the majority of entries for the tax report come from a schedule. Taxpayers need to review the forms and the instructions thoroughly before attempting to complete the documents.

The instructions covering the schedules outline what should be reported, what should not be reported, and the detail required. The sections covering the tax reports provide line-by-line instructions. The last section is an “Additional Information Section” covering various issues related to information required on the schedules and tax reports.

Monthly returns are submitted electronically through Taxpayer Access Point (TAP). This electronic system is used by taxpayers to access and update information about their accounts, file original and amended returns, make payments on amounts due and much more.

Visit the Office of State Tax Commissioner’s website at www.nd.gov/tax/tap.

If you are new to TAP, you will need to sign up for access. You are required to file your monthly returns electronically each month.

Prior approval is required to submit paper returns.

These are two electronic filing options available:

- 1) Excel spreadsheets. - template provided by Tax Commissioner
- 2) Electronic data interchange (EDI) - contact our office for testing

Registration forms, electronic filing information, and Excel templates are available on our website at: **www.tax.nd.gov/MotorFuel**.

Contacts

Motor Fuel Tax Section: **fueltax@nd.gov**
701-328-2701

Fuel Tax Manual

Contents	Page
Due Dates.....	1
Product Codes.....	1
Schedules of Gallons Received.....	1
<u>Schedule Type 1</u> – Gallons received in North Dakota – ND tax paid	1
<u>Schedule Type 2</u> – Gallons received in North Dakota – ND tax not paid.....	2
<u>Schedule Type 2A</u> – Gallons received from terminals, refineries, tax not paid	2
<u>Schedule Type 3</u> – Gallons imported into North Dakota by your business – ND tax not paid.....	3
Detail Required on Schedules of Gallons Received.....	3
Schedules of Gallons Disbursed.....	6
<u>Schedule Type 5</u> – Gallons sold to retailers for resale.....	7
<u>Schedule 5A</u> – Gallons sold to retailers for resale – ND taxable – loss allowance not passed on.....	8
<u>Schedule Type 5Q</u> – Gallons sold to consumers, or used – ND taxable.....	8
<u>Schedule Type 5X</u> – Gallons sold to consumers, or used	9
<u>Schedule Type 5Y</u> – Gallons sold to railroads.....	9
<u>Schedule Type 6</u> – Gallons sold to licensed suppliers or distributors for resale – ND non taxable	9
<u>Schedule Type 7</u> – Gallons exported out of North Dakota by your business – ND non-taxable.....	10
<u>Schedule Type 8</u> – Gallons sold to agencies of the U.S. Government – ND tax-exempt (or tax credit taken)	11
<u>Schedule Type 10</u> – Gallons sold to Native Americans – ND tax-exempt	11
<u>Schedule Type 10A</u> – Gallons sold for use as heating fuel.....	12
<u>Schedule Type 10F</u> – Gallons delivered to tax-free storage or terminal.....	12
<u>Schedule Type 10G</u> – Gallons sold from tax-paid inventory.....	13
Detail or Summaries Required on Schedules of Gallons Disbursed.....	13
Line-by-Line Instructions for Tax Reports	14
Aviation Fuel Tax Report.....	14
Liquefied Petroleum Tax Report.....	17
Motor Vehicle Fuel Tax Report.....	19
Special Fuel Tax Report.....	22
Tribal Agreements.....	25
Additional Information Section	28
Motor Vehicle Fuel Blending.....	28
Gasoline and Ethanol/Alcohol Blending – Product Codes.....	28
Special Fuel Blending.....	29
Clear or Dyed Diesel and Biodiesel Blending – Product Codes.....	29
Delivery Errors Accidental Mixing - Buy Backs – Adjustments.....	30
Pre-Sold Fuel to Consumers – Partial Delivery or No Delivery Made.....	30
Inventories	31
Physical inventory readings.....	31
Book inventories	31
Gains and losses.....	31
New licensees purchasing remaining inventories from prior owner	31
Business close-outs selling remaining inventories	31
Hose flushing when switching from dyed diesel fuel to clear diesel fuel for deliveries	31
Documented losses and spills	31
Intentional mixing of dyed diesel fuel with clear diesel fuel.....	32
Sales of diesel fuel for use in school buses.....	32
Sales on North Dakota Reservations.....	32
Fuel transactions with entities not licensed in North Dakota	32
Documentation requirements for consumer refunds.....	32
Schools Located on North Dakota Indian Reservations	34

Due Dates

The due date for all tax reports and schedules and tax payments is the 25th of the month following the month covered by the report. If the 25th falls on a Saturday, Sunday, or legal holiday, the due date is the first working day after the weekend or holiday.

To be timely:

- Paper documents and checks mailed to the Tax Commissioner must be postmarked no later than midnight of the due date; and
- Electronically-filed reports must be received by the Tax Commissioner no later than midnight on the due date.
- Taxpayers making ACH credit payments for electronically filed tax reports must initiate payment with the bank by the due date.
- ACH debit payments, which are authorized through TAP, must be made on or before the due date.

A voucher must accompany the remittance for electronically filed reports if paying by check or money order. Voucher forms are available on the website at www.nd.gov/tax/businesspayment. The vouchers are also included as a tab on the Excel templates.

Product Codes

The following standard uniform product codes are used for reporting fuel transactions:

Aviation Fuel

065 Gasoline (for aircraft)
125 Aviation Gasoline
130 Jet Fuel
142 Undyed Kerosene (for aircraft)

Motor Vehicle Fuel

055 Butane
061 Natural Gasoline
065 Gasoline
079 E-85
122 Blending Components
124 Gasohol
241 Ethanol-Alcohol
243 Methanol

Liquefied Petroleum Gas

054 Propane

Special Fuel

072 Kerosene – Dye Added
091 Waste Oil
122 Blending Components
142 Kerosene - Undyed
160 Diesel Fuel - Undyed
224 Compressed Natural Gas (CNG)
225 Liquid Natural Gas (LNG)
228 Diesel Fuel – Dye Added
284 Biodiesel – Undyed (B100)
285 Soy Oil
290 Biodiesel – Dye Added (B100)

Schedules of Gallons Received

Use the following schedules to report fuel refined, manufactured, purchased, or imported:

- 1 - Gallons received in North Dakota – ND tax paid
- 2 - Gallons received in North Dakota – ND tax **not** paid
- 2A - Gallons received from terminals, refineries, tax **not** paid
- 3 - Gallons imported into North Dakota by your business – ND tax **not** paid

A separate schedule is required for each tax type; i.e. aviation fuel, liquified petroleum gas, motor vehicle fuel and special fuel. The instructions are the same for all tax types.

Schedule Type 1 – Gallons received in North Dakota – ND tax paid

All transactions must be detailed. All mandatory fields must have an entry.

Entities with active fuel tax licenses from the Tax Commissioner should always purchase fuel without the ND tax charged by the selling supplier or distributor. A licensed distributor may, however, encounter occasional circumstances when the ND tax is paid to the seller. This schedule must be used to report those tax-paid purchases.

Report the following transactions on this schedule type:

- Gallons purchased in ND with the ND fuel tax erroneously charged and remitted by the seller.
- Gallons purchased in ND with the ND tax charged and remitted by the seller, based upon circumstances pre-approved by the Tax Commissioner.
- Gallons purchased in ND from an entity whose inventory consists only of ND tax paid fuel.

Do not report the following transactions on this schedule type:

- Gallons purchased in ND without the ND fuel tax payable to the seller.
- Gallons purchased in ND with only the Federal fuel tax payable to the seller.
- Gallons imported by your business.

Schedule Type 2 – Gallons received in North Dakota – ND tax not paid

Transactions must be detailed. Exception: transfers to aviation fuel from motor vehicle fuel or special fuel may be summarized. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- Gallons purchased in ND without the ND fuel tax payable to the seller.
- Gallons manufactured or refined in ND by your business.
- Gallons sold at-the-rack by a supplier at a ND pipeline terminal. The entity listed on a bill of lading as the supplier or shipper must report gallons sold at-the-rack of a ND pipeline terminal as “gallons received.” This will allow accurate tracking of the fuel from a terminal operator’s Schedule of Gallons Disbursed to a supplier’s Schedule of Gallons Received.
- Gallons of regular gasoline transferred to aviation fuel from motor vehicle fuel. These gallons must also be reported on the motor vehicle fuel Schedule of Gallons Disbursed, schedule type 6.
- Gallons of kerosene transferred to aviation fuel from special fuel. These gallons must also be reported on the special fuel Schedule of Gallons Disbursed, schedule type 6.
- Gallons received into a ND terminal storage facility via truck or railcar.

Do not report the following transactions on this schedule type:

- Gallons purchased in ND with the ND fuel tax payable to the seller.
- Gallons imported by your business.
- Gallons received into a ND terminal storage facility via pipeline.
- Exchanges or other above the rack pipeline terminal transactions.

Schedule Type 2A – Gallons received from terminals, refineries, tax not paid

All transactions must be detailed. All mandatory fields must have an entry.

- Gallons received at a terminal rack where your company is the position holder or supplier above the rack and below the rack in the same transaction.

Do not report the following transactions on this schedule type:

- Gallons received below the rack purchased from another licensed company.
- Gallons in bulk pipeline transfers.
- Exchanges or other above the rack transactions
- Transactions that belong on schedule 2.

Schedule Type 3 – Gallons imported into North Dakota by your business – ND tax not paid

Transactions must be detailed. Exception: Imports consisting only of direct sales to ND consumers may be summarized for bulk truck deliveries (opposed to transport loads). All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- Gallons imported into ND by your business.

An “import” is fuel purchased in bulk, tanker or rail car load in another state, Canadian province, or other foreign jurisdiction, and brought into ND for sale in ND.

“Imports” include all fuel from a bulk plant, terminal, or any other storage facility, in another jurisdiction, regardless where it was purchased, brought into ND for sale in ND. It also includes fuel purchased in ND, exported, and returned to ND for sale in ND.

An “importer” takes legal possession of fuel in another state, Canadian province, or other foreign jurisdiction, and brings it into ND. “Legal possession” for purposes of these transactions, means “ownership” of the fuel.

- ▶ If the out-of-state supplier or distributor from whom the fuel was purchased owns the fuel when it crosses the border into ND, that person is the importer.
- ▶ If you, as the purchaser, own the fuel when it crosses the border into ND, you are the importer.
- ▶ Fuel delivered into ND by the purchaser’s own carrier, a common carrier hired by the purchaser, or a contract carrier hired by the purchaser, is most likely owned by the purchaser when it crosses the border into ND.
- ▶ Pursuant to a written contractual agreement between the parties, fuel delivered into ND by a carrier furnished by the seller may also be owned by the purchaser when it crosses the border.

Do not report the following transactions on this schedule type:

- Gallons shipped into a ND terminal via pipeline.
- Gallons acquired in another state, Canadian province, or other foreign jurisdiction, that do not come to rest in ND. These gallons should not be reported as an import into ND even though your business may have a presence in or a billing address in ND.
- Gallons destined for ND but sold by your business (in other words, your business relinquished legal possession) in another state, Canadian province, or other foreign jurisdiction.

Details Required - Schedules of Gallons Received

Each transaction must be detailed, except where summaries are specifically allowed. Do not use a symbol to designate “repeat” data, and do not enter “same” for repeat data. An entry is required in each “mandatory” field. Only an “optional” field may be left blank. Tax reports and schedules without the mandatory detail, may be rejected.

Do not leave blank lines between detailed transactions.

Follow the instructions below for completing each field. Whether the field is mandatory or optional is underlined.

Schedule Type

Mandatory

- Enter the applicable schedule type number from the list provided on the form.

Product Types

Mandatory

- Enter the applicable 3-digit product type number from the list provided on the form. For 3-digit numbers beginning with “0,” the leading “0” is required.

Note: Refer to the “Additional Information Section” of these instructions for information on the use of product codes for reporting blended versus non-blended gasoline/ethanol, for reporting E-85, and for reporting blended versus non-blended diesel/biodiesel.

(1) Carrier Name

Mandatory

- Enter the business name of your own carrier, or of the common or contract carrier, that transported the fuel.
- Enter the name of the terminal operator if you are a supplier reporting at-the-rack pipeline terminal transactions as receipts.
- Enter your own business name, the word “carrier,” or the letters “NA” (for not applicable), to report summarized transactions where permitted on a schedule type 3.
- Enter your own business name, the word “carrier,” or the letters “NA” (for not applicable), to report a transfer to aviation fuel from motor vehicle fuel or special fuel on a schedule type 2.

(2) Carrier FEIN

Optional

- This field may be left blank; or
- Enter the Federal Employer Identification Number (FEIN) of the carrier listed in column (1); or
- Enter 999999999 (9 nines) as a generic number.

Note: There is no state-assigned suffix for carrier FEIN’s.

(3) Mode

Mandatory

- Enter the applicable mode code from the list provided on the form.
- Use the PL code if you are a supplier reporting at-the-rack pipeline terminal transactions as receipts.
- Use the CE code if you are an importer summarizing direct sales to consumers in ND.
- Use the CE code if you are a distributor summarizing transfers to aviation fuel from motor vehicle fuel or special fuel.

(4) Point of Origin

Mandatory

The point of origin is where the fuel was acquired. This is the point at which the purchaser takes legal possession. This could be, but is not limited to:

- ▶ The location of a pipeline terminal;
- ▶ The location of a bulk storage facility; or
- ▶ The location of the seller’s business.
- Enter the terminal code if received at a pipeline terminal.
- Enter the city (optional) and state (mandatory) where the fuel was acquired if NOT received at a pipeline terminal. Use two character postal code to indicate a state or province.
 - Do not enter “various” in these fields.

Note: If you are using Excel, there are separate fields for the city, state, and a terminal (TCN) code. Do not enter both a terminal code and the city/state information.

(4) Point of Destination

Mandatory

The point of destination is where the fuel technically comes to rest under your ownership. This could be, but is not limited to:

- ▶ The location of a pipeline terminal;
- ▶ The location of a bulk storage facility; or
- ▶ The location of your business.
- Enter the terminal code if the destination is a pipeline terminal.
- Enter the city (optional) and state (mandatory) to which the fuel is destined for storage or delivery, if the destination is NOT a pipeline terminal. Use two character postal code to indicate a state or province.
 - Do not enter “various” in these fields.

Note: If you are using Excel, there are separate fields for the city, state, and a terminal (TCN) code. Do not enter both a terminal code and the city/state information.

(5) Purchased from – Seller Name

Mandatory

- Enter the name of the supplier or distributor from whom the fuel was purchased.
- Enter your own name if you are receiving product from your own inventory at-the-rack of a ND pipeline terminal.
- Enter your own business name if you are an importer reporting direct sales to consumers in ND.
- Enter the word “transfer” if you are a distributor reporting transfers to aviation fuel from motor vehicle fuel or special fuel.

(6) Seller FEIN - Suffix

Mandatory

- Enter the Federal Employer Identification Number (FEIN) of the seller listed in column (5).
- Enter the state-assigned two-digit suffix number.
 - ▶ Contact the seller to obtain the correct company name, FEIN and suffix. It is advisable to request a copy of the seller’s license.
- Enter your own FEIN and suffix if you are an importer reporting direct sales to consumers in ND.
- Enter your own FEIN and suffix if you are a distributor reporting transfers to aviation fuel from motor vehicle fuel or special fuel. Or, you may enter 999999999 (9 nines) as a generic number, plus a generic suffix of 99 (2 nines).

(7) Transaction Date

Mandatory

- Enter the month, day, and year (**MM/DD/YYYY; example 06/01/2017**) of purchase.

The date of purchase is the date on which you took delivery or acquired legal ownership of the fuel.

 - ▶ Do not use an invoice date if that date is different than the date of purchase.
 - ▶ The transaction date should be taken from the same document used for the document number.
 - ▶ The transaction date should coincide with the date on the seller’s disbursement schedule.
- Enter the last day of the month covered by the report if you are an importer summarizing direct consumer sale imports on schedule type 3.
- Enter the last day of the month covered by the report if you are a distributor summarizing transfers to aviation fuel from motor vehicle fuel or special fuel.

(8) Document Number

Mandatory

- Enter the document number of the transaction.
 - ▶ Use the bill of lading number whenever possible.

- ▶ When a bill of lading number does not apply, use an invoice number or a delivery ticket number.
- ▶ The document number should be from the same document the transaction date is taken from.
- ▶ **The document number you use must exactly match the document number used by the seller on the disbursement schedule. You may need to coordinate this information with the seller.**
- Enter the word “SUM” if you are an importer summarizing direct consumer sale imports on schedule type 3.
- Enter the word “SUM” if you are a distributor summarizing transfers to aviation fuel from motor vehicle fuel or special fuel.

(9) Net Gallons

Mandatory – for EDI filing

Optional, if unknown, – for EXCEL or paper filing

- Enter the net (temperature adjusted) gallons received.

(10) Gross Gallons - [All reporting is required in gross gallons].

Mandatory

- Enter the gross gallons received.

(11) Billed Gallons

Optional

- Enter the number of gallons for which you were billed by the seller.

Schedules of Gallons Disbursed

The use of these schedules varies between the tax types. The following is a list of the schedule types as they are used to report fuel sold, used or exported, for each specific tax type.

Do not leave blank lines between detailed transactions.

Aviation Fuel (AVI):

- 5 - Gallons sold to retailers for resale – ND \$.08 per gallon taxable
- 5Q - Gallons sold to consumers, or used – ND \$.08 per gallon taxable
- 6 - Gallons sold to licensed suppliers or distributors for resale – ND non-taxable
- 7 - Gallons exported out of North Dakota by your business – ND non-taxable
- 8 - Gallons sold to agencies of the U.S. Government – ND tax-exempt (or tax credit taken)
- 10G - Gallons sold out of tax-paid inventory

Liquefied Petroleum Gas (LPG):

- 5Q - Gallons sold to consumers, or used – ND \$.23 per gallon taxable
- 5X - Gallons sold to consumers, or used – ND 2% excise taxable
- 6 - Gallons sold to licensed suppliers or distributors for resale – ND non-taxable
- 7 - Gallons exported out of North Dakota by your business – ND non-taxable
- 8 - Gallons sold to agencies of the U.S. Government – ND tax-exempt (or tax credit taken)
- 10 - Gallons sold to Native Americans – ND tax-exempt
- 10F - Gallons delivered to tax-free storage or terminal
- 10A - Gallons sold for heating fuel ND tax exempt (see definition pg. 12)

Motor Vehicle Fuel (MVF):

- 5 - Gallons sold to retailers for resale – ND taxable – loss allowance passed on
- 5A - Gallons sold to retailers for resale – ND taxable – loss allowance NOT passed on
- 5Q - Gallons sold to consumers, or used – ND taxable
- 6 - Gallons sold to licensed suppliers or distributors for resale – ND non-taxable
- 7 - Gallons exported out of North Dakota by your business – ND non-taxable

- 8 - Gallons sold to agencies of the U.S. Government – ND tax-exempt (or tax credit taken)
- 10 - Gallons sold to Native Americans – ND tax-exempt
- 10F - Gallons delivered to tax-free storage or terminal
- 10G - Gallons sold from tax-paid inventory

Special Fuel:

- 5 - Gallons sold to retailers for resale – ND \$.23 per gallon taxable
- 5Q - Gallons sold to consumers, or used – ND \$.23 per gallon taxable
- 5X - Gallons sold to consumers, or used – ND \$.04 per gallon
- 5Y - Gallons sold to railroads – ND \$.04 per gallon
- 6 - Gallons sold to licensed suppliers or distributors for resale – ND non-taxable
- 7 - Gallons exported out of North Dakota by your business – ND non-taxable
- 8 - Gallons sold to agencies of the U.S. Government – ND tax-exempt (or tax credit taken)
- 10 - Gallons sold to Native Americans – ND tax-exempt
- 10A - Gallons sold for heating fuel ND tax exempt (see definition pg. 12)
- 10F - Gallons delivered to tax-free storage or terminal
- 10G - Gallons sold from tax-paid inventory

Schedule Type 5 – Gallons sold to retailers for resale

Transactions must be detailed, unless an exception is specifically provided. All mandatory fields must have an entry.

- AVI* – Gallons sold to retailers for resale – ND \$.08 per gallon taxable
- MVF* – Gallons sold to retailers for resale – ND \$.23 per gallon taxable
- SF* – Gallons sold to retailers for resale – ND \$.23 per gallon taxable

Report the following transactions on this schedule type:

- *AVI*: Gallons sold in ND to retailers for resale, on which the ND \$.08 per gallon tax was applied.
- *MVF*: Gallons sold in ND to retailers for resale, on which the ND \$.23 per gallon tax was applied, **but only if the one-half of one percent loss allowance was passed on to the retailer.**
 - ▶ This can include gallons sold to a supplier’s or a distributor’s own retail outlets.
 - ▶ A distributor who does not carry an inventory and whose only sales are to its own retail outlets, may summarize the sales. The transactions should be summarized by location (i.e. city and state), but may be reported as a total of all sales.
- *SF*: Gallons of special fuel sold in ND to retailers for resale, on which the ND \$.23 per gallon tax was applied.
 - ▶ A distributor who does not carry an inventory, whose only purchasers are its own retail outlets, and whose sales to those outlets are all-inclusive on a Schedule of Gallons Received, schedule type 2, may summarize the sales to the outlets. The distributor may summarize these transactions by location (i.e. city and state), or as a total of all sales. Summaries by location are preferred.

Do not report the following transactions on this schedule type:

- *MVF*: Gallons sold to retailers for resale, on which the ND \$.23 per gallon tax was applied, **if the one-half of one percent loss allowance was NOT passed on to the retailer.**
- *MVF*: Gallons sold to another supplier or distributor for resale.
 - ▶ Suppliers and distributors must be licensed with the Tax Commissioner and, unless pre-approved by the Tax Commissioner based upon special circumstances, must purchase fuel without the ND \$.23 per gallon tax applied by the seller.
 - ▶ If a tax-paid sale is made to a licensee, the loss allowance does not apply, and this transaction must be reported on schedule type 5A.

- *AVI/LPG/SF*: Gallons sold to another supplier or distributor for resale.
 - ▶ Suppliers and distributors must be licensed with the Tax Commissioner and must purchase fuel without the ND tax applied by the seller.
- *AVI/LPG/MVF/SF*: Gallons exported.
- *AVI/LPG/MVF/SF*: Gallons sold directly to consumers.

Schedule 5A – Gallons sold to retailers for resale – ND taxable – loss allowance not passed on

Transactions must be detailed. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *MVF*: Gallons sold to retailers for resale, on which the ND \$.23 per gallon tax was applied, **but only when the one-half of one percent loss allowance was not passed on to the retailer.**

Examples for use of this schedule are:

- ▶ A loss allowance, even though passed on to the retailer, is not evident on the delivery invoice. If it is not evident that the loss allowance was passed on to the retailer, the selling supplier or distributor may not claim those gallons as a deduction from taxable gallons.
- ▶ Your business erroneously failed to pass the loss allowance on to the retailer. It is mandatory for the supplier or distributor to pass on this allowance; however, if it was not passed on, the supplier or distributor may not claim those gallons as a deduction from taxable gallons.
- ▶ Sales to your own retail outlets if the retail inventories are co-mingled with the bulk inventories on your tax report.
- ▶ Sales to your own retail outlets if you did not create a delivery ticket from your bulk operation to the retail outlet and did not document that the loss allowance was passed on to the retail outlet.

The selling supplier or distributor must charge and remit the \$.23 per gallon on the total gross gallons, without deducting a one-half percent per gallon loss allowance, for each of these transactions.

Do not report the following transactions on this schedule type:

- *MVF*: Gallons sold to retailers for resale, on which the ND \$.23 per gallon tax was applied, **if the one-half of one percent loss allowance was passed on to the retailer.**
- *MVF*: Gallons sold to another licensed supplier or distributor for resale (except under special circumstances).
- *MVF*: Gallons exported by your business.
- *MVF*: Gallons sold to consumers.
- *AVI/LPG/SF*: Aviation fuel, liquefied petroleum gas, or special fuel transactions.

Schedule Type 5Q – Gallons sold to consumers, or used – ND taxable

Transactions may be summarized. No mandatory field may be left blank.

Report the following transactions on this schedule type:

- *AVI*: Gallons sold directly to consumers, and gallons disbursed for your own use.
- *LPG*: Gallons sold directly to consumers for use in licensed motor vehicles, and gallons disbursed for your own use in licensed motor vehicles.
- *MVF*: Gallons sold directly to consumers, and gallons disbursed for your own use.
- *SF*: Gallons sold directly to consumers, and gallons disbursed for your own use, of undyed diesel fuel, of undyed diesel fuel blended with biodiesel, of undyed biodiesel fuel, and of kerosene intended for use in a licensed motor vehicle.
- *AVI/LPG/MVF/SF*: Gallons, **as a negative number**, for previously reported tax-paid credit card sales now being reported as tax-exempt sales on schedule types 8 or 10.

Do not report the following transactions on this schedule type:

- *AVI/LPG/MVF/SF*: Gallons sold to retailers for resale.
- *AVI/LPG/MVF/SF*: Gallons exported by your business.
- *AVI/LPG/MVF/SF*: Gallons sold to another supplier or distributor for resale.
- *LPG*: Gallons subject to the 2% special fuel excise tax.
- *SF*: Gallons of dyed diesel fuel, dyed diesel fuel blended with biodiesel, dyed biodiesel, kerosene not intended for use in a licensed motor vehicle, and any other special fuel subject to the \$.04 per gallon special fuel excise tax.

Schedule Type 5X – Gallons sold to consumers, or used – ND taxable

Transactions may be summarized. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *LPG*: Gallons sold directly to consumers, and gallons disbursed for your own use, for use in non-licensed machinery or equipment for an industrial, agricultural, or railroad purpose.
- *LPG*: Gallons sold to non-licensed retailers, and gallons sold to businesses such as convenience stores, retail stores, or campgrounds, for resale in one-pound (1 lb) to twenty-pound (20 lb) containers or other volumes as approved by the Tax Commissioner. These sales are treated as sales to consumers.
- *SF*: Gallons sold directly to consumers (**including railroads for non-locomotive use**), and gallons disbursed for your own use, of dyed diesel fuel, of dyed diesel fuel blended with biodiesel, of dyed biodiesel, kerosene and other special fuels not intended for use in a licensed vehicle.

Do not report the following transactions on this schedule type:

- *LPG/SF*: Gallons subject to the \$.23 per gallon tax.
- *LPG/SF*: Gallons delivered to a tank used solely for heating fuel.
- *LPG/SF*: Gallons exported by your business.
- *LPG/SF*: Gallons sold to licensed retailers, or to other suppliers or distributors for resale.
- *AVI/MVF*: Aviation fuel or motor vehicle fuel transactions.

Schedule Type 5Y – Gallons sold to railroads – ND \$.04 per gallon excise taxable

Transactions must be detailed. Exception: Distributors may summarize bulk truck (as opposed to transport load) deliveries for each railroad company. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *SF*: Gallons of dyed diesel fuel, dyed diesel fuel blended with biodiesel, dyed biodiesel and kerosene, sold directly to railroads for use in locomotives.

Do not report the following transactions on this schedule type:

- *SF*: Gallons of undyed diesel fuel, undyed diesel fuel blended with biodiesel, undyed biodiesel and kerosene intended for use in a licensed motor vehicle.
- *SF*: Gallons of special fuel sold to railroads for uses other than in locomotives (see schedule type 5X).
- *AVI/LPG/MVF*: Aviation fuel, liquefied petroleum gas, or motor vehicle fuel transactions.

Schedule Type 6 – Gallons Sold to licensed suppliers or distributors for resale – ND non taxable (for SF & LPG, include non-taxable sales to licensed retailers)

Transactions must be detailed. Exception: Transfers from motor vehicle fuel or special fuel to aviation fuel may be summarized. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *AVI/MVF*: Gallons sold in ND to a licensed supplier or distributor, with no ND fuel tax applied.
- *LPG/SF*: Gallons sold in ND to a licensed supplier, distributor, or retailer, with no ND fuel tax applied.
- *LPG/SF*: Gallons sold in ND to a business for use as an ingredient in the manufacture of another product not subject to fuel tax. Contact us for reporting instructions.
- *MVF*: Gallons of regular gasoline transferred from motor vehicle fuel to aviation fuel. These gallons must also be reported on the aviation fuel Schedule of Gallons Received, schedule type 2.
- *SF*: Gallons of kerosene transferred from special fuel to aviation fuel. These gallons must also be reported on the aviation fuel Schedule of Gallons Received, schedule type 2.

Do not report the following transactions on this schedule type:

- *AVI/LPG/MVF/SF*: Gallons sold in ND to a licensed supplier or distributor, on which the ND per gallon fuel tax was applied.
- *AVI/LPG/MVF/SF*: Gallons exported by your business.
- *AVI/LPG/MVF/SF*: Exchanges or other above-the-rack pipeline terminal transactions.

Schedule Type 7 – Gallons exported out of North Dakota by your business – ND non-taxable

Transaction must be detailed. Exception: Direct sales to consumers may be summarized for bulk deliveries (opposed to transport loads). All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *AVI/LPG/MVF/SF*: Gallons exported out of ND by your business.

An “export” is fuel purchased in bulk or tanker load in ND and transported to another state, Canadian province, or other foreign jurisdiction, for sale in that jurisdiction.

An “exporter” relinquishes legal possession of the fuel in another state, Canadian province, or other foreign jurisdiction. “Legal possession” for purposes of these transactions, means “ownership” of the fuel.

- ▶ If the out-of-state supplier or distributor to whom the fuel was sold owns the fuel when it crosses the border going out of ND, that person is the exporter.
- ▶ If you, as the seller, own the fuel when it crosses the border going out of ND, you are the exporter.

Whose carrier is the transporter does not of itself determine legal ownership of the fuel.

- ▶ Fuel delivered out of ND by the out-of-state purchaser’s own carrier, a common carrier hired by the purchaser, or a contract carrier hired by the purchaser, is most likely owned by the purchaser when it crosses the border going out of ND.
- ▶ Pursuant to a written contractual agreement between the parties, fuel delivered out of ND by a carrier furnished by you, as the seller, may also be owned by you when it crosses the border going out of ND.

Do not report the following transactions on this schedule type:

- Gallons shipped out of ND via pipeline.
- Gallons acquired in or coming to rest in ND and not physically removed from ND may not be reported as exports.

Example of Invalid Transactions:

A supplier or distributor has fuel storage facilities in ND:

- ▶ The supplier or distributor has storage facilities, a billing address, or both, in another state, Canadian province, or other foreign jurisdiction;
 - ▶ The supplier or distributor reports all or part of the ND fuel as an export to its out-of-state location but does not physically remove the fuel from ND; and
 - ▶ The supplier or distributor then reports the fuel as imported back into ND based on ND sales.
- Gallons sold in ND by your business (in other words, your business relinquished legal possession in ND), but the fuel is destined for another state, Canadian province, or other foreign jurisdiction. The purchaser is the exporter.

Schedule Type 8 – Gallons sold to agencies of the U.S. Government – ND tax-exempt (or tax credit taken)

Transactions must be detailed, unless indicated as an exception. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *AVI/LPG/MVF/SF*: Gallons sold directly by your business to an agency of the United States government, on which a ND fuel tax was not applied.
- *AVI/LPG/MVF/SF*: Gallons on which tax credits are claimed for previously reported tax-paid credit card sales to an agency of the United States government.
 - ▶ These transactions may be summarized; however, the detail must be provided to the Tax Commissioner upon request.
 - ▶ **A negative adjusting entry** for these same transactions must also be reported on the applicable schedule 5Q or 5X.
- *AVI/LPG/MVF/SF*: Gallons sold directly by your business to an agency of the United States government, on which you deducted the ND fuel tax from the agency's bill after remitting the tax to the Tax Commissioner. These transactions cover gallons previously reported as taxable on which you are now claiming exemptions for purposes of obtaining a credit on previously remitted taxes.

Note: The Bureau of Indian Affairs (BIA), and the United States Postal Service are agencies of the Federal government, and gallons of ND tax-exempt fuel sold directly to those agencies must be reported on this schedule.

Do not report the following transactions on this schedule type:

- *AVI/LPG/MVF/SF*: Gallons sold to an agency of the United States government, on which a ND fuel tax was applied.
- *AVI/LPG/MVF/SF*: Gallons sold to a consumer who will receive all or partial reimbursement for the cost from an agency of the United States government.
- *AVI/LPG/MVF/SF*: Gallons sold to the ND National Guard when the cost is not billed directly to an agency of the United States government.

Schedule Type 10 – Gallons sold to Native Americans – ND tax-exempt

Transactions may be summarized. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *LPG/MVF/SF*: Gallons sold directly to a Native American tribal agency on which a ND fuel tax was not applied.
- *LPG/MVF/SF*: Gallons sold directly to an exempt Tribal school. (See the “Additional Information Section” of these instructions for a list of tax-exempt and non-tax-exempt schools located in ND.)

- *LPG/MVF/SF*: Gallons of bulk delivery sold to Native American individuals on a North Dakota Indian Reservation, on which a ND fuel tax was not applied. **(This does not apply to MVF and SF when Tribal Motor Fuel Agreements apply.** See the “Additional Information Section” of these instructions for information regarding Tribal Tax.)

NOTE: To be exempt from the ND tax, the individual must be an enrolled member of the Tribe on whose reservation the sale is made and must reside on the reservation where the sale was made.

Do not report the following transactions on this schedule type:

- Gallons sold to a Native American tribal agency, if a ND or Tribal fuel tax was applied.
- Gallons sold to Native American individuals, if a ND or Tribal fuel tax was applied.
- Gallons sold to Native American individuals who are not enrolled members of the Tribe on whose Reservation the sale was made.
- Gallons sold to Native American individuals who do not reside on the Reservation where the sale was made.
- Gallons sold to the Bureau of Indian Affairs (BIA) (see schedule type 8).
- Gallons sold to non-tribal agencies or businesses who receive reimbursement from the Tribe or an agency of the United States government.
- Gallons sold to public schools located on a ND Indian Reservation for use as heating fuel, in school buses, or for any other use, even though the school may receive reimbursement from the Bureau of Indian Affairs (BIA). (See the listing of schools on the last page of these instructions.)

Schedule Type 10A – Gallons sold for use as heating fuel or exempt LNG.

Transactions may be summarized. All mandatory fields must have an entry.

Report the following transactions on this schedule type:

- *LPG/SF*: Dyed fuel, LP, and other special fuels (such as kerosene, waste oil, etc.) gallons delivered to a tank used solely for heating a structure.
- *SF*: LNG gallons used for an industrial, agricultural or railroad purpose.

Do not report the following transactions on this schedule type:

- Gallons delivered to a tank used for multiple purposes.
- Gallons used for an industrial, agricultural, or railroad purpose.

Example of Invalid Transactions:

- ▶ Use in an asphalt heater.
- ▶ Use in a grain dryer.
- ▶ Frac water heating.

Schedule Type 10F – Gallons delivered to a tax-free storage or terminal - Tax exempt

- Gallons delivered to a ND terminal rack and placed in storage where your company has title below the rack and is the position holder or supplier above the rack in the same transaction.

Do not report the following transactions on this schedule type:

- Gallons disbursed below the rack to another licensed company.
- Gallons disbursed to a terminal in another jurisdiction.
- Exchanges or other above the rack transactions.
- Transactions that belong on schedule 6.

Schedule Type 10G – Gallons sold from tax-paid inventory

Transactions must be summarized. All mandatory fields must have an entry.

(This schedule does not apply to the liquefied petroleum or special fuels taxed at the \$.04 rate.)

Entities licensed by the Tax Commissioner should purchase fuel without the ND tax paid to the selling supplier or distributor. A licensed distributor may, however, encounter occasional circumstances when the selling supplier or distributor charges the ND per gallon tax. If that occurs, this schedule must be used to report the sale of the tax-paid gallons.

Report the following transactions on this schedule type:

- Gallons sold or used out of an inventory on which the ND per gallon tax was payable to the supplier or distributor from whom you purchased the fuel.

NOTE: The gallons sold or used out of your tax-paid inventory must be included in one of the other applicable disbursement schedules. This schedule is used as a tool to apply the tax credit on tax-paid purchases against total sales.

Do not report the following transactions on this schedule type:

- Gallons sold or used out of tax-free inventories.

Details or Summaries Required - Schedules of Gallons Disbursed

Each transaction must be detailed, except where summaries are specifically allowed. Do not use a symbol to designate “repeat” data, and do not enter “same” for repeat data. An entry is required in each “mandatory” field. Only an “optional” field may be left blank. Tax reports and schedules without the mandatory detail, may be rejected.

(3) Mode

Mandatory

- For detailed transactions, enter the applicable code from the first five on the list provided on the form.
- For summarized transactions, enter the applicable CE for “summary” or GS for “gas station.”

Note: The GS code should be used only to report your retail pump sales.

(5) Sold to - Purchaser Name

Mandatory

- Enter the name of the retailer for schedule 5 and 5A transactions.
- Enter the name of the purchaser for detailed transactions.
- **Enter the word “consumer” for summarized transactions.**
- Enter the name of the railroad for schedule 5Y transactions.
- Enter the term “Federal agency” for summarized transactions on schedule 8.
- Enter the term “Native American” for summarized transactions on schedule 10.
- Enter the term “tax-paid inventory” for schedule type 10G transactions.

(6) Purchaser FEIN - Suffix

Mandatory

- On schedule type 6, enter the Federal Employer Identification Number (FEIN) of the purchaser listed in column (5).
- On schedule type 6, enter the state-assigned two-digit suffix number.
 - ▶ If you do not know the state-assigned suffix number, contact the seller or obtain a listing from the Tax Commissioner.

- For schedules 5, 5A and 7 transactions, enter the purchaser’s FEIN and ND suffix, if no ND suffix is available, enter the generic suffix 99. If the actual FEIN is unknown, enter 999999999 (9 nines) as a generic FEIN, and enter 99 (2 nines) as a generic suffix.
- **For summarized transactions, enter 999999999 (9 nines) as a generic FEIN, and 99 (2 nines) as a generic suffix.**
 - Do not enter “various” in this field.

(7) Transaction Date

Mandatory

- Enter the month, day, and year (**MM/DD/YYYY; example 06/01/2018**) the fuel was sold. The date of sale is the date on which you delivered or relinquished legal ownership of the fuel.
 - ▶ Do not use an invoice date if that date is different than the date of sale.
 - ▶ The transaction date should be taken from the same document used for the document number.
 - ▶ The date used should coincide with the date on the purchaser’s receipt schedule.
- **Enter the last date of the month covered by the report for summarized transactions.**
 - Do not enter “various” in this field.

(8) Document Number

Mandatory

- Enter the document number of the transaction.
 - ▶ Use the bill of lading number whenever possible.
 - ▶ When a bill of lading number does not apply, use an invoice number or a delivery ticket number.
 - ▶ The document number should be from the same document the transaction date is taken from.
 - ▶ This document number must be identical to the document number used by the purchaser on the receipts schedule. You may need to coordinate this information with the purchaser.
- **Enter the word “SUM” for summarized transactions.**
- **Enter the word “SUM” if you are a distributor summarizing transfers from motor vehicle fuel or special fuel to aviation fuel.**
 - Do not enter “various” in this field.

Line-by-Line Instructions for Tax Reports

For all tax reports, complete all header information:

- For the month and year covered by the report, enter in numeric as YYYYMM; example 201710.
- For Excel (and in the EDI header), enter the applicable filing code:
 - O = Original return (this must be an alpha O, not a numeric 0)**
 - A = Amended return
 - T = Test file
 - P = Production file
- For your business name, enter the name as it appears on the license issued by the Tax Commissioner.
- Remember to include the two-digit state-assigned suffix (located on your state issued license) in the field following your Federal Employer Identification Number (FEIN).

Aviation Fuel Tax Report

All gallonage information, except inventories, must come from the supporting schedules.

- **Gallons must be “gross” gallons.**
- Complete the applicable Columns A, B, C, and D.
- Add Columns A, B, C, and D across, and enter the total in Column E, for each line.

Line 1: Inventory forward = last month's line 10 entries.

This is your closing **physical inventory** from the prior month brought forward to the current month.

- Enter the gallons from line 10 of your report for the prior month.

Line 2: Gal. mfg., purchased, imported = Schs. 1+2+2A+3.

Use received schedule types 1, 2, 2A and 3 to complete this line.

Report the total number of gallons of fuel acquired during the period covered by the report.

- Enter, in the applicable columns, the total gallons, by product code, from schedules 1, 2, 2A and 3.

Line 3: Gal. taxable at \$.08 per gal. = Schs. 5+5Q.

Use disbursed schedule types 5 and 5Q to complete this line.

Report the total gallons sold, and total gallons disbursed for your own use, subject to the ND \$.08 per gallon fuel tax.

- Enter, in the applicable columns, the total gallons, by product code, from schedules 5 and 5Q.

Line 4: Gal. from \$.08 per gal. tax-pd inven. = Sch. 10G.

Use disbursed schedule type 10G to complete this line.

Report the gallons sold, and the gallons disbursed for your own use, out of your tax-paid inventory.

- Enter, in the applicable columns, the total gallons, by product code, from schedule 10G.

Line 5: Net taxable gal. aviation gasoline = Col. A & B, lines 3-4.

Compute the gallons of taxable aviation gasoline (including regular gasoline) by subtracting the gallons on which tax was paid to the supplier or distributor from whom the fuel was purchased.

- For Columns A and B, subtract line 4 from line 3, and enter the difference.

Line 6: Net taxable gal. jet fuel = Col. C & D, lines 3-4.

Compute the gallons of taxable jet fuel (including kerosene) by subtracting the gallons on which tax was paid to the supplier or distributor from whom the fuel was purchased.

- For Columns C and D, subtract line 4 from line 3, and enter the difference.

Line 7: Gal. ND non-taxable = Schs. 6+7+10F.

Use disbursed schedule types 6, 7 and 10F to complete this line.

Report the total non-taxable gallons sold for resale and your exports.

- Enter, in the applicable columns, the total gallons, by product code, from schedules 6, 7 and 10F.

Line 8: Gal. ND tax-exempt = Sch. 8.

Use disbursed schedule type 8 to complete this line.

Report the total gallons sold to tax-exempt agencies of the U. S. Government. Also, report the total gallons on which you are claiming credit for previously remitted taxes on sales to tax-exempt agencies of the U. S. Government.

- Enter, in the applicable columns, the total gallons, by product code, from schedule 8.

Line 9: Book inventory = lines 1+2-3-7-8.

Compute your ending book inventory, by product type.

- Add lines 1 and 2, and subtract lines 3, 7, and 8, and enter in the applicable columns.

Line 10: Ending physical inventory.

Report your actual physical inventory, by product type, at the end of the period reported. This is not a restatement of line 9.

- Enter the correct physical inventory readings for each applicable column. This is NOT OPTIONAL.

Line 11: Gains or (Losses): If the book inventory on line 9 is less than the physical inventory on line 10, you have a gain. If the book inventory on line 9 is greater than the physical inventory on line 10, you have a loss.

- Subtract line 9 from line 10 and enter gain or (loss).

Line 12: Tax due on aviation gasoline = $\$.08 \times$ line 5.

Compute the total tax on aviation gasoline, before deducting a collection allowance.

- Multiply $\$.08$ times Columns A and B, line 5.

Line 13: Tax due on jet fuel = $\$.08 \times$ line 6.

Compute the total tax due on jet fuel, before deducting a collection allowance.

- Multiply $\$.08$ times Columns C and D, line 6.

Line 14: Tax subject to allowance = lines 12+13.

Compute the gross tax due, before deducting a collection allowance.

- Add Column E, lines 12 and 13.

Line 15: Collection allowance = $.01 \times$ line 14 (max. \$300.00).

Compute the allowance provided to licensees for collecting and remitting the tax.

- Multiply $.01$ (1%) times Column E, line 14.
If the answer is greater than \$300.00, enter \$300.00.

Line 16: Total tax due = lines 14-15.

Compute the net tax payable, after deducting a collection allowance.

- Subtract line 15 from line 14.

Line 17: Penalty = $.05 \times$ line 16 (min. \$5.00).

A penalty applies when the tax report is not filed on or before the due date.

A penalty also applies when there is additional tax due on an amended tax report.

- For a late-filed original report, compute the penalty by multiplying $.05$ (5%) times the tax on line 16. If the computation is less than \$5.00, enter \$5.00.
- If there is additional tax due on an amended report, compute the penalty by multiplying $.05$ (5%) times the additional tax due on line 16. The additional tax due is the difference between the tax reported on line 16 of the original report and the tax reported on line 16 of the amended report.

Line 18: Interest = $.01$ per month \times line 16.

Interest applies when the tax report is not filed on or before the due date.

Interest also applies when there is additional tax due on an amended tax report.

- ▶ Interest is 1% per month for each month the tax payment is late, beginning with the 1st of the month after the due date.

Example for Computing Interest:

For taxes due July 25, 2017 and not paid until October 15, 2017 interest applies at 1% beginning August 1, 2017, 2% on September 1, 2017, 3% on October 1, 2017, and so on.

- For a late-filed original report, compute the interest by multiplying the tax due on line 16 by the applicable interest rate.
- When there is additional tax due on an amended report, compute the interest by multiplying the additional tax due on line 16 by the applicable interest rate. The additional tax due is the difference between the tax reported on line 16 of the original report and the tax reported on line 16 of the amended report.

Line 19: Total Due = lines 16+17+18.

Compute the total tax, penalty, and interest due and payable.

- Add lines 16, 17, and 18.
- **Make the remittance payable to the State Tax Commissioner.**
 - ▶ The remittance must be by check, bank draft, money order, ACH debit or ACH credit. A voucher must accompany the remittance for electronically filed reports if paying by check or money order. Voucher forms are available on the website at www.nd.gov/tax/user/businesses/make-a-payment/pay-by-check. The vouchers are also included as a tab in the Excel templates.

Liquefied Petroleum Tax Report

All gallonage information, except inventories, must come from the supporting schedules.

- **Gallons must be “gross” gallons.**

Line 1: Inventory forward = last month’s line 9 entry.

This is your closing physical inventory from the prior month brought forward to the current month.

- Enter the gallons from line 9 of your report for the prior month.

Line 2: Gal. mfg., purchased, imported = Schs. 2+2A+3.

Use received schedule types 2, 2A and 3 to complete this line.

Report the total gallons of fuel acquired during the period covered by the report.

- Enter the total gallons from schedules 2, 2A and 3.

Line 3: Gal. taxable at \$.23 per gal. = Sch. 5Q.

Use disbursed schedule type 5Q to complete this line.

Report the total gallons sold to consumers, and the total gallons disbursed for your own use, subject to the ND \$.23 per gallon tax.

- Enter the total gallons from schedule 5Q.

Line 4: Gal taxable at 2% excise = Sch. 5X.

Use disbursed schedule type 5X to complete this line.

Report the total gallons sold to consumers, and the total gallons disbursed for your own use, subject to the ND 2% excise tax.

- Enter the total gallons from schedule 5X.

Line 5: Gallons ND tax exempt = Sch 10A (Heating Fuel)

Use disbursed schedule type 10A to complete this line.

Report the total gallons sold to consumers for use as heating fuel.

- Enter the total gallons from schedule 10A.

Line 6: Gal. ND non-taxable = Schs. 6+7+10F.

Use disbursed schedule types 6, 7 and 10F to complete this line.

Report the total non-taxable gallons sold for resale and your exports.

- Enter the total gallons from schedules 6, 7 and 10F.

Line 7: Gal. ND tax-exempt = Schs. 8+10.

Use disbursed schedule types 8 and 10 to complete this line.

Report the total gallons claimed as tax-exempt sales on schedule types 8 and 10.

- Enter the total gallons from schedules 8 and 10.

Line 8: Book inventory = lines 1+2-3-4-5-6-7.

Compute your ending “book” inventory.

- Add lines 1 and 2, and subtract lines 3, 4, 5, 6 and 7.

Line 9: Ending physical inventory.

Report your actual physical inventory at the end of the period covered by your report.

- Enter the correct physical inventory reading. This is NOT OPTIONAL.

Line 10: Gains or (Losses): If the book inventory on line 8 is less than the physical inventory on line 9, you have a gain. If the book inventory on line 8 is greater than the physical inventory on line 9, you have a loss.

- Subtract line 8 from line 9 and enter gain or (loss).

Line 11: Tax due at \$.23 per gal. = \$.23 x line 3.

This equals the total \$.23 per gallon tax due, before deducting a collection allowance.

- To compute the tax, multiply \$.23 times the gallons on line 3.

Line 12: Sales price for line 4 gal.

Report your selling price (including freight and related charges) minus Federal or state taxes, of the gallons on line 4.

- Enter the total sales dollar amount of the line 4 gallons.

Line 13: Tax due at 2% excise = .02 x line 12.

Compute the total 2% excise tax, before deducting a collection allowance.

- Multiply .02 (2%) times the dollar amount on line 12.

Line 16: Tax subject to allowance = lines 11+13.

Compute the total gross \$.23 per gallon, and 2% excise tax due, before deducting a collection allowance.

- Add lines 11 and 13.

Line 17: Collection allowance = .01 x line 16 (max. \$300.00).

Compute the allowance provided to licensees for collecting and remitting the tax.

- Multiply .01 (1%) times the tax on line 16.
If the answer is greater than \$300.00, enter \$300.00.

Line 18: Total tax due = lines 16-17.

Compute the net tax payable, after deducting a collection allowance.

- Subtract line 17 from line 16.

Line 19: Penalty = .05 x line 18 (min. \$5.00).

A penalty applies when the tax report is not filed on or before the due date.

A penalty also applies when there is additional tax due on an amended tax report.

- For a late-filed original report, compute the penalty by multiplying .05 (5%) times line 18.
If the computation is less than \$5.00, enter \$5.00.
- If there is additional tax due on an amended report, compute the penalty by multiplying .05 (5%) times the additional tax due on line 18. The additional tax due is the difference between the tax reported on line 18 of the original report and the tax reported on line 18 of the amended report.

Line 20: Interest = .01 per month x line 18.

Interest applies when the tax report is not filed on or before the due date.

Interest also applies when there is additional tax due on an amended tax report.

- ▶ Interest is 1% per month for each month the tax payment is late, beginning with the 1st of the month after the due date.

Example for Computing Interest:

For taxes due July 25, 2017 and not paid until October 15, 2017 interest applies at 1% beginning August 1, 2017, 2% on September 1, 2017, 3% on October 1, 2017, and so on.

- For a late-filed original report, compute the interest by multiplying the tax due on line 18 by the applicable interest rate.
- If there is additional tax due on an amended report, compute the interest by multiplying the additional tax due on line 18 by the applicable interest rate. The additional tax due is the difference between the tax reported on line 18 of the original report and the tax reported on line 18 of the amended report.

Line 21: Total Due = lines 18+19+20.

Compute the total tax, penalty, and interest due and payable.

- Add lines 18, 19, and 20.
- **Make the remittance payable to the State Tax Commissioner.**
 - ▶ The remittance must be by check, bank draft, money order, ACH debit or ACH credit.
 - ▶ A voucher must accompany the remittance for electronically filed reports if paying by check or money order. Voucher forms are available on the website at: <http://www.nd.gov/user/businesses/make-a-payment/pay-by-check> and included as a tab on the Excel templates.

Motor Vehicle Fuel Tax Report

All gallonage information, except inventories, must come from the supporting schedules.

- **Gallons must be in “gross” gallons.**
- Complete the applicable Columns A, B, C, D, and E.
- Add Columns A, B, C, D, and E across, and enter the total in column F for each line.

Line 1: Inventory forward = last month’s line 13 entries.

This is your closing physical inventory from the prior month brought forward to the current month.

- Enter the gallons from line 13 of your report for the prior month.

Line 2: Gal. mfg., purchased, imported = Schs. 1+2+2A+3.

Use received schedule types 1, 2, 2A and 3 to complete this line.

Report the total gallons of fuel acquired during the period covered by the report.

- Enter the total gallons in the applicable columns, by product code, from schedules 1, 2, 2A and 3.

Line 3: Product transfers (+ or -) within tax type 61.

Report the gallons shifted from one product code to another to report the blending of product types.

- Use the following guideline for the entries on this line:
 - a. Enter as a minus in Column A, the number of gallons of gasoline you blended with ethanol, or methanol.
 - b. Enter as a minus in the applicable Column C or D, the number of gallons of ethanol, or methanol, you blended with gasoline.
 - c. Add the Column A, C, and D entries, and enter that total as a plus in Column B for gasohol.
 - d. Enter as a minus in Column E, the number of gallons of blending components you blended with gasoline or gasohol.
 - e. Enter as a plus in the applicable Columns A or B, the gallons deducted from Column E.
 - f. Column F should always be zero as the entries in the other columns must balance each other out.

Line 4: Gal. taxable at \$.23 per gal. = Sch. 5.

Use disbursed schedule type 5 to complete this line.

Report the total gallons sold to retailers for resale, subject to the ND \$.23 per gallon tax, **on which you passed on a one-half-of one percent shrinkage allowance.**

- Enter the total gallons in the applicable columns, by product code, from schedule 5.

Line 5: Gal. allowance on Sch. 5 sales = .005 x line 4.

Compute the number of untaxed gallons allowed on schedule 5 sales to retailers.

- Multiply .005 (1/2 of 1%) times line 4.

Line 6: Gal. taxable at \$.23 per gal. = Schs. 5A+5Q.

Use disbursed schedule types 5A and 5Q to complete this line.

▶ The schedule 5A totals are gallons sold to retailers for resale, subject to the ND \$.23 per gallon tax, **on which you did NOT pass on a one-half-of one percent shrinkage allowance.**

▶ The schedule 5Q totals are gallons sold to consumers and gallons disbursed for your own use.

- Enter the total gallons in the applicable columns, by product code, from schedules 5A and 5Q.

Line 7: Gal. from \$.23 per gal. tax-pd inven. = Sch. 10G.

Use disbursed schedule type 10G to complete this line.

Report the gallons sold, and gallons disbursed for your own use, out of your tax-paid inventory.

- Enter the total gallons in the applicable columns, by product code, from schedule 10G.
- Contact us for further instructions on the use of this schedule.

Line 8: Net gal. taxable at \$.23 per gal. = lines 4-5+6-7.

Compute the total gallons of taxable gasoline, unblended ethanol, unblended methanol, and blending components, before deducting a collection allowance.

- For Columns A, C, D and E, subtract line 5 from line 4, add line 6, subtract line 7.

Line 9: Net gal. gasohol taxable at \$.23 per gal. = lines 4-5+6-7.

Compute the total gallons of taxable gasohol, before deducting a collection allowance.

- For Column B, subtract line 5 from line 4, add line 6, and subtract line 7.

Line 10: Gal. ND non-taxable = Schs. 6+7+10F.

Use disbursed schedule types 6, 7 and 10F to complete this line.

Report the total non-taxable gallons sold for resale and your exports.

- Enter the total gallons in the applicable columns, by product code, from schedules 6, 7 and 10F.

Line 11: Gal. ND tax-exempt = Sch. 8+10.

Use disbursed schedule types 8 and 10 to complete this line.

Report the total gallons claimed as tax-exempt sales on schedule types 8 and 10.

- Enter the total gallons in the applicable columns, by product code, from schedules 8 and 10.

Line 12: Book inventory = lines 1+2+3-4-6-10-11.

Compute your ending “book” inventories.

- Add lines 1, 2 and 3, and subtract lines 4, 6, 10 and 11.

Line 13: Ending physical inventory.

Report your actual physical inventory, by product type, at the end of the period covered by your report.

This is not a restatement of line 12.

- Enter the correct physical inventory readings for each applicable column. This is NOT OPTIONAL.

Line 14: Gains or (Losses): If the book inventory on line 12 is less than the physical inventory on line 13, you have a gain. If the book inventory on line 12 is greater than the physical inventory on line 13, you have a loss.

- Subtract line 12 from line 13 and enter gain or (loss).

Line 15: Tax due at \$.23 per gal. = \$.23 x line 8.

Compute the total tax on gasoline, unblended ethanol, unblended methanol, and other blending components, before deducting a collection allowance.

- Multiply \$.23 times Columns A, C, D, and E, line 8.

Line 16: Tax due at \$.23 per gal. on gasohol = \$.23 x line 9.

Compute the total tax on gasohol, before deducting a collection allowance.

- Multiply \$.23 times Column B, line 9.

Line 17: Tax subject to allowance = lines 15+16.

Compute the gross tax due, before deducting a collection allowance.

- Add Column F, lines 16 and 17.

Line 18: Collection allowance = .02 x line 17.

Compute the allowance provided to licensees for collecting and remitting the tax.

- Multiply .02 (2%) times Column F, line 17.

Line 19: Total tax due = lines 17-18.

Compute the net tax payable, after deducting a collection allowance.

- Subtract line 18 from line 17.

Line 20: Penalty = .05 x line 19 (min. \$5.00).

A penalty applies when the tax report is not filed on or before the due date.

A penalty also applies when there is additional tax due on an amended tax report.

- For a late-filed original report, compute the penalty by multiplying .05 (5%) times the tax on line 19. If the computation is less than \$5.00, enter \$5.00.
- If there is additional tax due on an amended report, compute the penalty by multiplying .05 (5%) times the additional tax due on line 19. The additional tax due is the difference between the tax reported on line 19 of the original report and the tax reported on line 19 of the amended report.

Line 21: Interest = .01 per month x line 19.

Interest applies when the tax report is not filed on or before the due date.

Interest also applies when there is additional tax due on an amended tax report.

- ▶ Interest is 1% per month for each month the tax payment is late, beginning with the 1st of the month after the due date.

Example for Computing Interest:

For taxes due July 25, 2017 and not paid until October 15, 2017 interest applies at 1% beginning August 1, 2017, 2% on September 1, 2017, 3% on October 1, 2017, and so on.

- For a late-filed original report, compute the interest by multiplying the tax due on line 19 by the applicable interest rate.
- If there is additional tax due on an amended report, compute the interest by multiplying the additional tax due on line 19 by the applicable interest rate. The additional tax due is the difference between the tax reported on line 19 of the original report and the tax reported on line 19 of the amended report.

Line 22: Insp. Fees = total of Col. F (lines 8+9+11) x .00025.

Compute inspections fees imposed for the state Health and Consolidated Laboratories.

- Add lines 8, 9, and 11, and multiply that total by .00025 (1/40 of 1%).

Line 23: Total Due = lines 19+20+21+22.

Compute the total tax, penalty, interest, and inspection fees due and payable.

- Add lines 19, 20, 21, and 22.
- **Make the remittance payable to the State Tax Commissioner.**
 - ▶ The remittance must be by check, bank draft, money order, ACH debit or ACH credit.
 - ▶ A voucher must accompany the remittance for electronically filed reports if paying by check or money order. Voucher forms are available on the website at: www.nd.gov/tax/businesspayment and included as a tab on the Excel templates.

Special Fuel Tax Report

All gallonage information, except inventories, must come from the supporting schedules.

- **Gallons must be in “gross” gallons.**
- Complete the applicable Columns A, B, C, D, E, and F.
- Add Columns A, B, C, D, E, and F across, and enter the total in Column G, for each line.

Line 1: Inventory forward = last month’s line 12 entries.

This is your closing physical inventory from the prior month brought forward to the current month.

- Enter the gallons from line 12 of your report for the prior month, in the applicable columns.

Line 2: Gal. mfg., purchased, imported = Schs. 1+2+2A+3.

Use received schedule types 1, 2, 2A and 3 to complete this line.

Report the total gallons of fuel acquired during the period covered by the report.

- Enter the total gallons in the applicable columns, by product code, from schedules 1, 2, 2A and 3.

Line 3: Product transfers (+ or -) within tax type 62.

Report the gallons shifted from one column to another due to blending of the product types.

- Transfers are **not allowed** between clear and dyed diesel.
- Use the following guideline for the entries on this line:
 - a. Enter as a minus in Column E, the number of gallons of biodiesel you blended with undyed or dyed diesel fuel.
 - b. Enter as a plus in the applicable Column B or C, the number of gallons biodiesel blended with undyed or dyed diesel fuel.
 - c. Enter as a minus in Column F, the number of gallons of blending components you blended with the fuels listed under Columns B, C, and D.
 - d. Enter the gallons deducted from Column F, as a plus in the applicable Columns B, C, and D.
 - e. Column G should always be zero as the entries in the other columns must balance each other out.

Line 4: Gal. taxable at \$.23 per gal. = Schs. 5+5Q.

Use disbursed schedule types 5 and 5Q to complete this line.

Report the total gallons sold to consumers, and the total gallons disbursed for your own use, subject to the ND \$.23 per gallon fuel tax.

- Enter the total gallons in the applicable columns, by product code, from schedules 5 and 5Q.

Line 5: Gal. from \$.23 per gal. tax-pd inven. = Sch. 10G.

Use disbursed schedule type 10G to complete this line.

Report the gallons sold, and the gallons disbursed for your own use, out of your tax-paid inventory.

- Enter the total gallons, in the applicable columns by product code, from schedule 10G.
- Contact us for further instructions on the use of this schedule.

Line 6: Net gal. taxable at \$.23 per gal. = lines 4-5.

Compute the total gallons of taxable fuel at \$.23 per gallon.

- Subtract line 5 from line 4.

Line 7: Gal ND tax exempt = Sch. 10A (Heating Fuel and LNG)

Use disbursed schedule type 10A to complete this line.

- Enter the total gallons in the applicable columns, by product code, from schedule 10A.

Line 8: Gal taxable \$.04 per gallon = Schs. 5X+5Y.

Use disbursed schedule types 5X and 5Y to complete this line.

Report the total gallons sold to consumers, and the total gallons disbursed for your own use, subject to the ND \$.04 per gallon excise tax.

- Enter the total gallons in the applicable columns, by product code, from schedules 5X and 5Y.

Line 9: Gal. ND non-taxable = Schs. 6+7+10F.

Use disbursed schedule types 6, 7 and 10F to complete this line.

Report the total non-taxable gallons sold for resale and your exports.

- Enter the total gallons in the applicable columns, by product code, from schedules 6, 7 and 10F.

Line 10: Gal. ND tax-exempt = Sch. 8+10.

Use disbursed schedule types 8 and 10 to complete this line.

Report the total gallons claimed tax-exempt sales on schedule types 8 and 10.

- Enter the total gallons in the applicable columns, by product code, from schedules 8 and 10.

Line 11: Book inventory = lines 1+2+3-4-7-8-9-10.

Compute your ending "book" inventory.

- Add lines 1, 2 and 3, and subtract lines 4, 7, 8, 9 and 10.

Line 12: Ending physical inventory.

This entry is your actual physical inventory, by product type, at the end of the period reported. This is not a restatement of line 11. This is NOT OPTIONAL.

- Enter the correct physical inventory reading for the fuel in each applicable column.

Line 13: Gains or (Losses): If the book inventory on line 11 is less than the physical inventory on line 12, you have a gain. If the book inventory on line 11 is greater than the physical inventory on line 12, you have a loss.

- Subtract line 11 from line 12 and enter gain or (loss).

Line 14: Tax due at \$.23 per gal. = \$.23 x line 6

Compute the total \$.23 per gallon tax due, before deducting a collection allowance.

- Multiply \$.23 times line 6.

Line 15: Heating fuel is tax exempt - no longer applicable.

Line 16: Tax due at \$.04 per gal. = \$.04 x line 8.

Compute the total \$.04 per gallon tax due, before deducting a collection allowance.

- Multiply \$.04 times line 8.

Line 17: Tax subject to allowance = lines 14+15+16.

Compute the gross tax due, before deducting a collection allowance.

- Add Column G, lines 14, 15, and 16.

Line 18: Collection allowance = .01 x line 17 (max. \$300.00).

Compute the allowance provided to licensees for collecting and remitting the tax.

- Multiply .01 (1%) times the tax in Column G, line 17.
If the answer is greater than \$300.00, enter \$300.00.

Line 19: Total tax due = lines 17-18.

Compute the net tax payable, after deducting a collection allowance.

- Subtract line 18 from line 17.

Line 20: Penalty = .05 x line 19 (min. \$5.00).

A penalty applies when the tax report is not filed on or before the due date.

A penalty also applies when there is additional tax due on an amended tax report.

- For a late-filed original report, compute the penalty by multiplying .05 (5%) times the tax on line 21.
If the computation is less than \$5.00, enter \$5.00.
- If there is additional tax due on an amended report, compute the penalty by multiplying .05 (5%) times the additional tax due on line 19. The additional tax due is the difference between the tax reported on line 19 of the original report and the tax reported on line 19 of the amended report.

Line 21: Interest = .01 per month x line 19.

Interest applies when the tax report is not filed on or before the due date.

Interest also applies when there is additional tax due on an amended tax report.

- ▶ Interest is 1% per month for each month the tax payment is late, beginning with the 1st of the month after the due date.

Example for Computing Interest:

For taxes due July 25, 2017 and not paid until October 15, 2017 interest applies at 1% beginning August 1, 2017, 2% on September 1, 2017, 3% on October 1, 2017, and so on.

- For a late-filed original report, compute the interest by multiplying the tax due on line 19 by the applicable interest rate.
- If there is additional tax due on an amended report, compute the interest by multiplying the additional tax due on line 19 by the applicable interest rate. The additional tax due is the difference between the tax reported on line 19 of the original report and the tax reported on line 19 of the amended report.

Line 22: Insp. Fees = total of Col. G (lines 6+7+8+10) x .00025.

Compute inspection fees imposed for the state Health and Consolidated Laboratories.

- Add Column G, lines 6, 7, 8, and 10, and multiply that total by .00025 (1/40 of 1%).

Line 23: Total Due = lines 19+20+21+22.

Compute the total tax, penalty, interest, and inspection fees due and payable.

- Add lines 19, 20, 21, and 22.
- **Make the remittance payable to the State Tax Commissioner.**
 - ▶ The remittance must be by check, bank draft, money order, ACH debit or ACH credit.
 - ▶ A voucher must accompany the remittance for electronically filed reports if paying by check or money order. Voucher forms are available on the website at: <http://www.nd.gov/businesspayment> and included as a tab on the Excel templates.

Tribal Agreements

Motor Fuel Tax Guidelines:

The State of North Dakota has entered into Motor Fuel Tax agreements with several Native American Tribes located within the state. These agreements provide for the single administration of the collection and distribution of motor fuel taxes on behalf of the State and the Tribes for fuel sales within the boundaries of the reservations. The tax rates for motor fuel sales are consistent both on and off the reservation. The distribution of the tax is based on the official United States census of Native Americans who are enrolled Tribal members, Native Americans that are not enrolled, and non-Native Americans residing on the reservations. The assumptions in the agreements are:

- A Native American enrolled on the reservation where fuel is purchased is paying the Tribal Tax
- A Native American that is not enrolled on the reservation where fuel is purchased is paying the State Tax
- A non-Native American is paying the State Tax

Motor fuel tax collected on fuel sales at a retail station on a reservation are distributed between the State and the respective Tribe based on the population census. Bulk sales delivered to a consumer on a participating reservation are subject to the appropriate tax based on a member or non-member status.

The motor fuel taxes subject to Tribal agreements are administered by the North Dakota Office of State Tax Commissioner. All fuel dealers conducting business on the reservation must apply for a Tribal motor fuel license with the State Tax Commissioner; this is in addition to the requirements for a State motor fuel license. A Tribal motor fuel tax license is required when conducting any of the following fuel activity on a reservation with a fuel agreement in effect:

- Retail stations located on a reservation
- Fuel dealers located either on or off the reservation supplying retail locations located on the reservation
- Fuel dealers located either on or off the reservation supplying bulk sales to consumers on the reservation who are enrolled Tribal members

Tax Rates:

1. North Dakota motor fuel taxes apply to all consumer sales **unless tribal tax or an exemption is applicable**. The tax rate for both motor vehicle fuel and special fuel used in a licensed vehicle is \$.23 per gallon. Special fuel (dyed) used in equipment for agricultural or industrial purposes is taxed at \$.04 per gallon. Special fuel (dyed) used for heating fuel is tax-free.
2. **Tribal tax applies to all retail sales and bulk sales to Tribal members on the reservations.** The tax rate for both motor vehicle fuel and special fuel used in a licensed vehicle is \$.23 per gallon. Dyed fuel is not subject to Tribal tax.

Motor Vehicle Fuel Bulk Sales: (Including but not limited to gasoline, gasohol, and E85.)

- 1. A bulk sale to a Native American enrolled on the reservation of delivery.**
 - a. The North Dakota motor vehicle fuel tax does not apply.
 - b. Tribal motor vehicle fuel tax applies when the fuel is used in a licensed vehicle.
 - c. An enrolled Native American consumer may obtain a refund of Tribal tax paid for fuel used in non-licensed equipment for an agricultural or industrial purpose.

- 2. A bulk sale to the Tribal Government for use in tribally owned vehicles, licensed or non-licensed.**
 - a. The North Dakota motor vehicle fuel tax does not apply.
 - b. The Tribal motor vehicle fuel tax does not apply.

The Tribal Government may obtain a refund of tax charged in error.

- 3. A bulk sale on the reservation to a Native American that is not enrolled on the reservation of delivery, or a non-Native American consumer.**
 - a. The North Dakota motor vehicle fuel tax applies.
 - b. The Tribal motor vehicle fuel tax does not apply.

The consumer may obtain a refund of the state tax used in non-licensed equipment for industrial or agricultural purposes.

Special Fuels Bulk Sales: (Including but not limited to dyed and undyed diesel and kerosene.)

- 1. A bulk sale of undyed fuel to a Native American enrolled on the reservation of delivery.**
 - a. The North Dakota special fuel tax does not apply.
 - b. The Tribal special fuel tax applies when the fuel is used in a licensed vehicle.

- 2. A bulk sale of dyed fuel to a Native American enrolled on the reservation of delivery.**
 - a. The North Dakota special fuel tax does not apply.
 - b. The Tribal special fuel tax does not apply.

- 3. A bulk sale to the Tribal Government for use in tribally owned vehicles, licensed or non-licensed.**
 - a. The North Dakota special fuel tax does not apply.
 - b. The Tribal special fuel tax does not apply.

The Tribal Government may obtain a refund of tax charged in error.

- 4. A bulk sale of undyed fuel to a Native American that is not enrolled on the reservation of delivery, or a non-Native American consumer.**
 - a. The North Dakota special fuel tax of \$.23 per gallon applies.
 - b. The Tribal special fuel tax does not apply.

- 5. A bulk sale of dyed fuel to a Native American that is not enrolled on the reservation of delivery, or a non-Native American consumer.**
 - a. The North Dakota special fuel excise tax of \$.04 per gallon applies when used for industrial or agricultural purposes. Special fuel (dyed) used for heating fuel is tax-free.
 - b. The Tribal special fuel tax does not apply.

Reporting Instructions:

Basic reporting for Tribal and State reports is the same, exceptions for Tribal reporting are as follows. A separate Tribal suffix is assigned to each Reservation for reporting purposes.

1. Suppliers (bulk dealers) located on or off the Reservation

- a. Bulk sales delivered to Tribal members on the Reservation reported on Tribal Report - 100% Tribal Tax
 - i. Report each fuel disbursement transaction for full loads using Schedule 5Q with Mode Code “J” and the actual Document Number and Transaction Date.
 - ii. A summary disbursement transaction is allowed for multiple small fuel disbursements using Schedule 5Q with the required Mode Code “CE” and Document Number “Bulk”. The Transaction Date is required to be the last day of the month.
 - iii. See the Transfers section below to move fuel inventory between State and Tribal reports.
- b. Bulk sales delivered to non-members on the Reservation reported on State Report - 100% State Tax
 - i. See instructions for State reporting off the Reservation.
- c. Sales delivered to retail stations located on the Reservation reported on Tribal Report
 - i. License and reporting is required for the specific Tribe in addition to the State fuel license. Tribal fuel licenses are administered by the State.
 - ii. Detail each fuel disbursement transaction using Schedule 5A (MVF) or Schedule 5 (SFD) with the actual Document Number and Transaction Date.
 - iii. See the Transfers section below to move fuel inventory between state and tribal reports.

2. Retailer “only” located on the Reservation

- a. Retailer only stations are required to have a special Tribal license issued by the State for information reporting purposes. This retailer license does not allow for purchases of tax free fuel which is only allowed for licensed suppliers.
 - i. Detail each fuel receipt transaction using Schedule 1 (both MVF and SFD) with the actual Document Number and Transaction Date. The retailer is required to pay the tax to the supplier.
 - ii. Disbursements of fuel are to be reported using Schedule 5Q. A Summary transaction, which includes the total of all small retail fuel disbursements at the pump during a month instead of reporting each individual transaction, is utilized for reporting purposes. The Mode Code “GS”, Document Number “Retail”, and a Transaction Date of the last day of the month are required
 - iii. A second disbursement entry must be reported using Schedule 10G to report disbursed gallons from “tax paid inventory” to reduce the tax liability on the fuel report. The Mode Code “GS”, Document Number “Sum”, and a Transaction Date of the last day of the month are required. This second entry does not affect book inventories or gains and losses on the summary page of the fuel report. No taxes should be due on the retailer only fuel report.

3. Retailer/licensed Supplier located on the Reservation

- a. A retailer/licensed supplier that conducts both retail and bulk fuel sales can report using one of two methods when the bulk tanks and retail tanks are not connected. Bulk tanks must contain tax free fuel for reporting all receipt, disbursement, and inventory activity. Once a reporting method has been selected it must be utilized each month.
- b. Method 1 - The delivery of fuel from a bulk tank inventory to a retail tank inventory can be reported as taxable upon delivery creating a tribal tax paid inventory at the retail location. This method effectively treats the retail station as an unrelated business and no additional reporting would be required after the delivery.
 - i. Your company must be reported as the Seller for deliveries to the retail tanks on the Tribal Report’s Receipt Schedule. Before any transfer of fuel disbursed from bulk inventory to the retail inventory, the fuel must have been originally reported as received tax free on the State report.
 - ii. The State Report must show a fuel disbursement for each delivery using Schedule 5A (MVF) or Schedule 5 (SFD). Report the Purchaser Name and FEIN for your own company in each transaction.
 - iii. See the Transfers section below to move fuel inventory between state and tribal reports.

- c. Method 2 - The delivery of fuel from a bulk tank inventory to a retail tank inventory can be delivered without tax at the time of delivery.
 - i. Ending physical inventory on the State report each month must include both the bulk tank inventory and the retail tank inventory.
 - ii. A summary disbursement entry would be required to be reported on the Tribal Report for all retail sales to customers during the month using Schedule 5Q, Mode Code GS, and Document Number "Retail".

4. Transfers between State and Tribal reports for a bulk dealer with both a State and Tribal license.

- a. All original fuel receipt transactions are to be reported on the State report. The State and Tribal licenses held by a supplier are administered similar to those for separate entities for reporting purposes. The transfer of fuel volumes is reported as a disbursement on the State report and as a receipt on the Tribal report. The Tribal report should have a zero ending physical inventory.
- b. The State report transfer disbursement – Report using Schedule 6, the Purchaser Name and FEIN for your own company, and the assigned Tribal license suffix.
- c. The Tribal report transfer receipt – Report using Schedule 2, the Seller Name and FEIN for your own company, and the assigned State license suffix.
- d. The document number used on both the State and Tribal reports is required to be the same based on your record keeping method.
- e. Transfers of fuel during a month may be reported in a summarized entry on both the State and Tribal reports. The summarized entry should be reported using the Mode Code "J" and a document number other than "SUM".

**Additional Information
Motor Vehicle Fuel Blending**

Gasoline and Ethanol/Alcohol Blending – Product Codes

Product code 065 = gasoline which has not been blended with ethanol/alcohol.
 Product code 079 = E-85 60-85% ethanol/alcohol blended with gasoline.
 Product code 241 = ethanol/alcohol which has not been blended with gasoline.
 Product code 124 = gasohol which is gasoline blended with ethanol/alcohol.

For Schedule of Gallons Received

Use product code 124 to report:

- Gallons purchased at a terminal rack if the fuel is identified as a blended product (except if it is E-85) on the bill of lading.
- Gallons purchased from a seller who was the blender and who reports the transaction as a blended product on a disbursed schedule.
- Gallons already blended (except E-85) when purchased below the rack.

Use product code 079 to report:

- Gallons purchased at a terminal rack if the fuel is identified as gasoline blended with 60% to 85% ethanol/alcohol.
- Gallons purchased from a seller who was the blender and who reports the transaction as an E-85 blend on a disbursed schedule.
- Gallons already blended with 60% to 85% ethanol/alcohol when purchased below the rack.

Use separate product codes 065 and 241 to report:

- Gallons gasoline for blending and ethanol/alcohol for blending purchased at a terminal rack from separate sellers.
- Gallons gasoline for blending and ethanol/alcohol for blending purchased at a terminal rack from the same seller, and blended in the carrier's tanker at the terminal, when the products are listed as separate transactions on a bill of lading.
- Gallons gasoline and ethanol/alcohol to be blended below the rack by the purchaser.

For Schedule of Gallons Disbursed

Use product code 124 to report:

- Gallons disbursed at a terminal rack if the fuel is identified as a blended product on the bill of lading.
- Gallons already blended when sold below the rack.

Use product code 079 to report:

- Gallons disbursed at a terminal rack if the fuel is identified as gasoline blended with 60% to 85% ethanol/alcohol.
- Gallons already blended with 60% to 85% ethanol/alcohol when sold below the rack.

Use separate product codes 065 and 241 to report:

- Gallons unblended gasoline sold either at or below the rack if the purchaser is the blender.
- Gallons unblended ethanol/alcohol sold either at or below the rack if the purchaser is the blender or if the purchaser is going to use the product without blending it.
- Gallons gasoline for blending and ethanol/alcohol for blending sold at a terminal rack by the same seller, and blended in the carrier's tanker at the terminal, when the products are listed as separate transactions on a bill of lading.

Special Fuel Blending

Clear or Dyed Diesel and Biodiesel Blending – Product Codes

For current reporting methods, “biodiesel” is used as a generic term for a special fuel produced from animal fats or plants, for blending with diesel fuel. “Soy oil” is a “biodiesel” produced from soybeans. Either product code can be used.

Use product code 284 - undyed biodiesel.

Use product code 290 - dyed biodiesel.

Use product code 285 - soy oil.

Use product code 160 - undyed diesel fuel blended with undyed biodiesel or soy oil.

Use product code 228 - dyed diesel fuel blended with dyed biodiesel or soy oil.

For Schedule of Gallons Received

Use product codes 284, 290, and 285 to report:

- Gallons of unblended, undyed or dyed biodiesel or soy oil purchased at a terminal rack.
- Gallons of unblended, undyed or dyed biodiesel or soy oil purchased below the rack.

Use product codes 160 and 228 to report:

- Gallons of blended products purchased at a terminal rack if the fuel is identified as a blended product on the bill of lading.

- Gallons of blended products purchased from a seller who was the blender and who reports the transactions as blended products on a disbursed schedule.
- Gallons already blended when purchased below the rack.

For Schedule of Gallons Disbursed

Use product codes 284, 290, and 285 to report:

- Gallons of unblended, undyed or dyed biodiesel or soy oil sold at a terminal rack to a supplier, distributor, or retailer for resale.
- Gallons of unblended, undyed or dyed biodiesel or soy oil sold below the rack to a supplier, distributor, or retailer for resale.

Use product codes 160 and 228 to report:

- Gallons of blended products sold at a terminal rack if the fuel is identified as a blended product on the bill of lading.
- Gallons of blended products sold to a purchaser who is the blender and who reports the transactions as blended products on a received schedule.
- Gallons already blended when sold below the rack.
- Gallons sold to a consumer for blending.

Delivery Errors – Accidental Mixing - Buy-Backs – Adjustments

Contact the Tax Commissioner’s Office for instructions.

Pre-Sold Fuel to Consumers - Partial Delivery or No Delivery Made

Sellers need to be consistent in reporting these transactions. Choose one of the two options referred to in the example below and use that option for all pre-sold gallonage transactions.

Option #1:

Your business pre-sold 5,000 gallons of fuel to consumer ABC on July 5 for delivery in increments as needed. No delivery is made in July.

- Report the entire 5,000-gallon sale on the applicable schedule type for July.
 - ▶ When you use this method, you will have an inventory discrepancy.
 - ▶ Written documentation covering tracking of the discrepancy must be traceable for audit purposes and must be retained for a period of not less than three years.

Option #2:

Your business pre-sold 5,000 gallons of fuel to consumer ABC on July 5 for delivery in increments as needed. Deliveries are made as follows: 2,000 gallons in July, 1,000 gallons in August, 1,000 gallons in September, and 1,000 gallons in October.

- Report the 2,000-gallon delivery made in July as a sale in July.
- Report the 1,000-gallon delivery made in August as a sale in August.
- Report the 1,000-gallon delivery made in September as a sale in September.
- Report the 1,000-gallon delivery made in October as a sale in October.
 - ▶ When you use this method, your inventories will be accurate; however, you may lose track of the transactions for purposes of reporting gallons and remitting taxes.

- ▶ If using this method, you will need an accurate tracking system to assure that the sales are reported and taxes remitted when delivery is made.
- ▶ These transactions based on delivery must be journalized in an accurate manner to assure proper reporting and to be traceable for audit purposes.
- ▶ This documentation must be retained for a period of not less than three years.

Inventories

Physical inventory readings:

All licensees are **required by law** to report their actual physical inventory readings for each product for each month.

“Physical inventory reading” means a measurement of fuel available for distribution in a terminal, an underground storage tank, an aboveground storage tank, or in a tank wagon, bulk delivery vehicle, railcar, barrel, drum, or other receptacle.

Written records of physical inventory readings must be kept and must be retained for not less than three years and made available to the Tax Commissioner upon request.

Book inventories:

Book inventories are used to determine gains and losses for each month. This is a computed inventory number only and does not reflect the actual gallons of fuel remaining at the end of a report period.

Gains and losses:

Gains and losses are the differences between computed book inventories and the actual physical inventories as reported.

- ▶ The gains and losses are calculated on your reports.
- ▶ A reconciliation of the inventories and gains and losses will be conducted by the Tax Commissioner on an annual basis from July 1st - June 30th. Losses in excess of allowable shrinkage will be billed at the rate of 23 cents per gallon, regardless of the product.

New licensees purchasing remaining inventories from prior owner:

- Do not enter a beginning inventory on line 1 of the tax report.
- Report the gallons as purchases on the applicable Schedule of Gallons Received.

Business close-outs selling remaining inventories:

- Report the gallons as sales on the applicable Schedule of Gallons Disbursed.
- Advise the Tax Commissioner in writing of any other disposal of remaining inventories.

Hose flushing when switching from dyed diesel fuel to clear diesel fuel for deliveries:

- No allowances or inventory adjustments may be made for clear diesel fuel flushed out of hoses.
- No allowances or inventory adjustments may be made for dyed fuel flushed out of hoses.

The clear fuel used for hose flushing remains subject to the \$.23 per gallon tax.

Documented losses and spills:

- Provide the Tax Commissioner with written documentation covering the investigation of documented losses to include documentation of any insurance recoveries. Such incidents would include spill, fire and flood. Instructions will then be given on how transactions should be reported.

Mixing of dyed diesel fuel with clear diesel fuel:

- Inventory transfers and adjustments are not allowed for clear fuel mixed with dyed fuel. Clear fuel mixed with dyed fuel remains subject to the \$.23 per gallon tax.

Other Sales

Sales of diesel fuel for use in school busses:

Diesel fuel sold for use in school busses must be clear fuel which is subject to the \$.23 per gallon tax. School busses are **not allowed** to use dyed fuel and submit the difference in tax between the \$.04 and \$.23 tax rates.

Sales on North Dakota Reservations:

North Dakota has tribal fuel tax agreements with the Standing Rock, Spirit Lake, Three Affiliated Tribes and Turtle Mountain. Motor vehicle and special fuel sales on these reservations are subject to fuel tax at the same rate as other locations in ND. All sales at retail locations and bulk sales to tribal members enrolled on the reservation are subject to the tribal fuel tax agreement. Retailers and fuel dealers conducting sales on the reservation are required to obtain a separate tribal fuel license issued by the state and file the required monthly tribal fuel tax reports.

Bulk sales to tribal agencies and reservation residents that are not enrolled members can be reported on the ND fuel tax report. Contact the Tax Commissioner's office for additional information regarding sales subject to tribal tax.

Fuel transactions with entities not licensed in North Dakota:

In the event that fuel is sold in North Dakota to a non-licensed dealer, the per gallon tax of \$.23 must be charged and remitted. *The special fuel excise tax of \$.04 per gallon and the 2% rates do not apply to these transactions because the fuel is being sold directly to a dealer rather than directly to an end user or retailer.* **The non-licensed dealer will not be able to obtain a tax refund or create a tax credit for future use on any taxes incurred prior to obtaining a license in North Dakota.**

Non-licensed retailers selling less than 250 gallons of LP per month must purchase tax-paid and pay the 2% excise tax. Any retailer selling LP for motor vehicle use must be licensed.

An exception may be granted to a non-licensed business from another state making an occasional purchase in North Dakota, for export only, due to unavailability of the fuel in that dealer's state. The selling supplier or distributor must charge and remit the applicable North Dakota per gallon tax. The purchaser may be granted a refund of the North Dakota tax based upon proof that the exported fuel was reported, and tax was paid, to the state of import.

Refunds

Documentation requirements for consumer refunds:

Suppliers and distributors should be aware of the documentation requirements established by law for individuals or businesses seeking refunds of fuel taxes. Retailers not licensed by the Tax Commissioner may not be aware of these requirements and are not always providing the refund applicants with invoices or sales tickets that can be accepted as valid documentation. That being the case, we are asking licensed suppliers and distributors for their assistance in passing on this information to their own retail outlets and to independent retailers with whom you do business. The invoices or sales tickets must include the following:

- The seller's name and address (machine printed or rubber-stamped thereon).
- The date the fuel was purchased (month, day, year).
- The type of product (clearly identified).
- The number of gallons purchased.
- The name of the person or business purchasing the fuel and claiming a refund.

None of the above items are negotiable. Histories of the transactions, in lieu of invoices or sales tickets, may be provided. The histories must be prepared and certified by the sellers of the fuel and must include all of the information required on an invoice or sales ticket. Fuel dealers are prohibited by law from preparing refund claims for consumers.

Schools Located on North Dakota Indian Reservations Taxable/Nontaxable for Fuel Tax Purposes

Standing Rock Sioux Tribe

Indian Schools – Nontaxable

Standing Rock Community Elementary, Ft. Yates
Standing Rock Community Grant HS, Ft. Yates
Sitting Bull College, Ft. Yates

Public/Nonpublic Schools – Taxable

Cannon Ball Elementary
Solen Public
Fort Yates Public
Selfridge Public
St. Bernard Mission, Ft. Yates (nonpublic)

Three Affiliated Tribes – Fort Berthold

Indian Schools – Nontaxable

Fort Berthold Community College, New Town

Public/Nonpublic Schools – Taxable

Twin Buttes Elementary, Halliday
Mandaree Public
White Shield Public, Roseglen
Edwin Loe Elementary, New Town
New Town High School
Parshall Elementary
Parshall High School

Turtle Mountain Tribe

Indian Schools – Nontaxable

Ojibwa Indian, Belcourt (nonpublic)

Public/Nonpublic Schools – Taxable

Turtle Mt. Community Elementary, Belcourt
Turtle Mt. Community Middle, Belcourt
Turtle Mt. Community High School, Belcourt
St. Ann's Catholic, Belcourt (nonpublic)
Turtle Mt. Special Education Unit, Belcourt

Spirit Lake Tribe (Devils Lake Sioux)

Indian Schools – Nontaxable

Tate Topa Tribal, Ft. Totten
Cankdeska Cikana Community College, Ft. Totten
(previous name for college was Little Hoop)

Public/Nonpublic Schools – Taxable

Oberon Elementary
Warwick Public
Four Winds Community High School, Ft. Totten
Ft. Totten Special Education Unit, Ft. Totten

Indian Schools not Located on Reservations

Indian Schools – Nontaxable

Theodore Jamerson Elem School, Bismarck
Circle of Nations School (Wahpeton Indian), Wah.
Dunseith Day Elem. School, Dunseith
United Tribes Technical College, Bismarck