

Illinois Department of Revenue
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY85-10

TO: All Licensed Motor Fuel Distributors, Suppliers, and Bulk Users

SUBJECT: Bulk User Licensing

We have received many inquiries lately regarding the licensing of bulk users of special fuel - due, it seems, to the increased use of diesel-powered automobiles and pick-up trucks. We have described below who must be licensed as a bulk user of special fuel under the Illinois Motor Fuel Tax Law as well as the statutory responsibilities of bulk users. In addition, we have provided answers to some of the questions asked most often by persons who buy special fuel in bulk.

Before we delve further into this subject, it will perhaps be helpful to explain some terms which in this bulletin mean more than they may appear to. "Diesel fuel," as used in this bulletin, should be construed to mean "special fuel," as defined in the Motor Fuel Tax Law. Special fuel includes diesel and dieselhol (also kerosene and heating oil if used as highway fuels). "Highway use" should be construed to mean all taxable uses of motor fuel under the Motor Fuel Tax Law. This includes use of motor fuel on public roads and in recreational watercraft. "Own" should be construed to mean own, lease, or control.

1. Who must become licensed as a bulk user* of special fuel?

A bulk user is someone who:

- owns any diesel-powered highway vehicles; and
- owns one or more bulk storage facilities from which diesel fuel may be dispensed into the fuel tanks of highway vehicles.

2. What are my responsibilities as a bulk user?

- You must apply for and obtain a license from the Department of Revenue. You may apply by completing Form RMFT-2-SFB.
- You must file an annual bulk user report (Form RMFT-5-SFB) with the Department of Revenue. The report is due on or before April 15th of the year following the year in which you made your bulk purchases.

3. How do I pay Illinois motor fuel tax for diesel fuel I use on the highway?

All bulk users pay motor fuel tax in one of two ways. The most common method is to pay the tax on ALL bulk purchases and to file a

claim for a refund of tax paid on the fuel you ultimately used not on the highway.

The second method of payment is to pay motor fuel tax at the time of purchase on ONLY the fuel you will use on the highway. In other words, you are allowed to make your "non-highway" bulk purchases tax free. However, you may not use this method of payment unless you have a valid permit from us. We will issue the permit only if you can show that you clearly segregate your highway purchases from your non-highway purchases. In practical terms, this means that:

- you have separate storage facilities for highway and non-highway use, or
- you use your storage tank for non-highway purposes only and fill your diesel car or truck from another source - a service station, for example.

If you wish to apply for a permit, please ask us for Form RMFT-64.

4. May I make bulk purchases of diesel tax free if I don't have any diesel highway vehicles?

Generally, yes. You don't need a bulk user's license either. However, your supplier should ask you to sign an affidavit stating that you don't own a diesel car or truck

The only situation in which you pay tax is if you are a bulk purchaser who owns off-highway equipment - such as rubber-tired construction equipment - which uses the roads only in moving between job sites. If you have such equipment, you should sign an affidavit (for your supplier) which states the percentage of purchases that you use on the highway. You will pay your supplier motor fuel tax on that portion of each bulk purchase. You do not, however, need a bulk user license.

Finally, let me encourage you - whatever your tax status - to report and pay tax on all the diesel fuel you use on Illinois public roads. Also, remember to keep adequate records. In fairness to the majority of taxpayers - who pay their taxes voluntarily - we make every effort to identify those who underpay.

If you have questions or need more information, please call us at (217) 785-2624 or write to Illinois Department of Revenue, Excise Tax Section, P.O. Box 4005, Springfield, IL 62708

J. Thomas Johnson
Director of Revenue

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