

MOTOR FUEL DISTRIBUTOR TAX REPORTING INSTRUCTIONS

Gasoline, as defined under 30 Del C c.51 §5101(4), includes all products commonly or commercially known or sold as gasoline, including gasohol, casinghead gasoline, natural gasoline and aviation gasoline... for the purposes of effectively and efficiently operating spark-ignited internal combustion engines.

Effective May 6, 2006, all gasoline sold in Delaware can no longer contain methyl tertiary butyl ether (MTBE). Instead of dropping an additive altogether, refiners decided to substitute Ethanol in place of MTBE, in a 90% Gasoline/10% Ethanol blend (E10), for various reasons. As a result of this conversion from Gasoline to Gasohol the product code for receipts and distribution reported on the monthly Delaware Motor Fuel Distributor tax returns should now be reported under the Federation of Tax Administrators (FTA) Uniform Product Code of 124.

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

Complete the top portion of the tax return by entering name of licensee, license number, address, return month, and Federal Employer Identification Number or Social Security Number in the spaces provided. All requested information must be reported. Check the applicable box to indicate if the return being filed is an original return, an amended return, or a final return.

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

Line A – Show the number of gallons of tax-free gasoline on hand in your Delaware bulk storage tanks at the beginning of the reporting month. This includes gallons which are being transported to customers, but delivery and title change have not taken place (in transit). Opening inventory **MUST** agree with the actual ending inventory (Line C) reported for the previous month.

For Lines 1-4 below, you must complete the Motor Fuel Tax Multiple Schedule of Receipts, and enter summary totals for each schedule on the applicable line on the tax return. Please follow the receipt instructions sheet provided. On each Multiple Schedule of Receipts form, you must report monthly receipt gallons totals, broken down on a per supplier basis, and further broken down by transport. All requested information must be reported.

Line 1 – Motor Fuel Gallons Received Tax Paid: Identify all gallons of gasoline purchased with the Delaware tax included from a source of supply during the reporting month.

Line 2 – Motor Fuel Gallons From Locations Within Delaware From Licensed Motor Fuel Distributors Tax Unpaid: Identify all gallons of gasoline purchased tax-free within Delaware from other licensed Delaware Distributors. Record each license number in Column 6 of Multiple Schedule of Receipts.

Line 3 – Motor Fuel Gallons Imported From another State Direct to Customers: Identify all gallons of gasoline purchased tax-free from locations outside of Delaware, transported into Delaware, and delivered directly to customers within Delaware.

Line 4 – Motor Fuel Gallons Imported From Another State Into Tax-Free Storage: Identify all gallons of gasoline purchased tax-free from locations outside of Delaware, transported into Delaware, and delivered directly to you bulk storage locations.

Line B – Add line A and lines 1 through 4.

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Line C – Enter the actual inventory on hand at the end of the reporting month. This includes gallons which are being transported to customers, but delivery and title change have not taken place (in transit).

Line D – Subtract closing inventory (Line C) from Line B total to arrive at the gallons that must be accounted for during the report month.

For Lines 5-10, 15 and 19 below, you must complete the Motor Fuel Tax Multiple Schedule of Disbursements, and enter summary totals for each schedule on the applicable line on the tax return. Please follow the disbursements instruction sheet provided. On each Multiple Schedule of Disbursements form, you must report monthly disbursement gallon totals, broken down on a per-customer basis, and further broken down by method of transport. All requested information must be reported.

Line 5 – Motor Fuel Gallons Delivered Tax Collected: Identify all gallons used, and/or sold to customers during the month with the Delaware excise tax included. For sales to Retail Stations, please enter total delivered gross gallons sold on a per-station basis, and record each station’s Retail Dealer license number in Column 6 of Multiple Schedule of Disbursements.

Line 6 – Motor Fuel Gallons Delivered to Motor Fuel Distributors Tax Not Collected: Identify all gallons sold tax-free to holders of valid State of Delaware Motor Fuel Distributor licenses; record each license number in Column 6 of the Multiple Schedule of Disbursements.

Line 7 – Motor Fuel Gallons Exported: Identify total gallons transported by you and/or your Common Carrier to locations outside of Delaware. You must complete a separate schedule for each state, and place the combined total on Line 7.

Line 8 – Tax Exempt Motor Fuel Gallons Sold to U.S. Government: Identify tax-free bulk sales of gasoline made to U.S. Government customers located in Delaware that hold valid Exemption Certificates with the Motor Fuel Tax Administration. You must record the Exempt Certificate number in Column 6 of the Multiple Schedule of Disbursements.

Line 9 – Tax Exempt Motor Fuel Gallons Sold to Other Exempt Government Entities: Identify tax-free deliveries of gasoline made to State, local and other Government customers located in Delaware that hold valid Exemption Certificates with the Motor Fuel Tax Administration. You must record the Exempt Certificate number in Column 6 of the Multiple Schedule of Disbursements.

Line 10 – Tax Exempt Motor Fuel Gallons Sold to Other Exempt Entities: Identify tax-free bulk deliveries of gasoline made to volunteer fire company and ambulance operators located in Delaware and granted exemption status by the Motor Fuel Tax Administration, and that hold valid Exemption Certificates with the Motor Fuel Tax Administration. You must record the Exempt Certificate number in Column 6 of the Multiple Schedule of Disbursements.

Line 11 – Gain /Loss: Record tax-free gasoline bulk storage gains or losses only on this line.

Line 12 – Add Lines 5 through 11. This figure must equal Line D.

Line 13 – Record the taxed distribution from line 5 into the “Gallons” column, multiply by the Delaware Motor Fuel excise tax rate of \$0.23, and record the resulting dollar total into the “Amount” column.

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Line 14 – Record the tax-paid receipt total from line 1 into the “Gallons” column, multiply by the Delaware Motor Fuel excise tax rate of \$0.23, and record the resulting dollar total into the “Amount” column.

Line 15 – Credit Card Sales to Authorized Exempt Entities: Motor Fuel Distributors may deduct gallons sold via Credit Cards to authorized exempt entities, through retail outlets owned/operated or supplied by them. In order to claim the deduction, you must have a Delaware Motor Fuel Tax Exemption Certificate on file for each exempt entity. You must complete the Motor Fuel Tax Multiple Schedule of Disbursements, Schedule 11, and enter the summary total for this schedule on Line 15, into the “Gallons” column. Multiply by the Delaware Motor Fuel excise tax rate of \$0.23, and record the resulting dollar total into the “Amount Column.”

Line 16 – Subtract Lines 14 and 15 from Line 13, and record the resulting gallons and dollar amounts on Line 16.

Line 17 – Record estimated tax payments required in the Month of June (only affects Distributors with average monthly sales/use of 500,000 or more gallons during the period May 1 through April 30 of each year.

Line 18 - Subtract Line 17 from Line 16, and record the resulting gallons and amount on Line 18.

Line 19 – Enter the amount of any valid credit memos approved by this office to be applied to future tax liabilities. Only valid credit memos for the same license number may be applied to the monthly tax liability. Attach a copy of the credit memo applied to the tax return filed for reference.

Line 20 – Subtract Line 19 from Line 18 and record the resulting gallons and amount on Line 20. This is the total net tax due. Make checks payable to: Motor Fuel Tax Administration.

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

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

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

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