

LPG (LIQUID PETROLEUM GAS) VENDOR

An LPG Vendor is a person engaged in the business of selling liquid petroleum gas, wholesale or retail, for use in the engine fuel supply tank of a motor vehicle in South Dakota. LPG Vendors are required to collect and remit fuel tax on all LPG sold for use in motor vehicles in South Dakota. They are also required to report any other LPG sales made in the state and any LPG that is imported or exported. For purposes of taxation, LPG that is used as a motor fuel must be converted from pounds to the equivalent liquid gross gallons using the conversion factor of 4.24 pounds per gallon of liquid at 60 degrees Fahrenheit.

Instances in which LPG Vendors are not required to collect taxes are as follows:

- Sales made to licensed LPG Users.
- LPG delivered into a bulk storage tank which has no liquid transfer line attached to it. If an LPG customer has a licensed LPG-powered vehicle, the LPG Vendor must inspect the bulk storage tank and certify that no liquid transfer line existed at the time of the inspection.
- Sales made to a customer that does not own or operate an LPG powered vehicle

Record Keeping/Acceptable Records

To ensure that the correct amount of fuel tax is collected on all fuel used on South Dakota roads and highways, the law requires LPG Vendors to keep detailed records of all fuel transactions and deliveries. LPG Vendors will need these records to accurately complete tax returns and must present them to Department personnel if they are audited or have their licenses reviewed. Records are to be maintained for a period of at least 30 days at the delivery location or a location approved by the Secretary. All records must be preserved for the current year and the three preceding calendar years.

Sales and Purchase Records

Licensed LPG Vendors must keep all sales and or purchase invoices. A copy of the invoice must be maintained in the records of both the seller and the purchaser. The invoices must be serially numbered and must contain the following information:

- The seller's name and address;
- The seller's supplier's license number issued by the department, if the fuel was sold at the pipeline or the seller's marketer's number if not sold at a pipeline;
- The purchaser's name and address;
- The date of sale and delivery of the fuel;
- The number of gallons of fuel sold and delivered to the purchaser, the type of fuel and if diesel whether it was dyed or not;
- The price charged per gallon of fuel;
- If charged, the amount of fuel tax or sales tax. Fuel tax must either be listed separately or as a statement by the marketer that the price per gallon required by law includes the South Dakota fuel tax; and
- The total amount of the sales invoice

Other Records Required of LPG Vendors

Licensed LPG Vendors are also required to keep disbursement records and copies of bills of lading received for LPG purchases and issued for LPG sales in addition to those already discussed.

The Secretary of Revenue may require other pertinent records and papers necessary for the enforcement of fuel tax laws, including purchase records, journals, ledgers, payment records and banking records.

Payment and Reporting Schedule

All fuel tax due from a LPG Vendor must be remitted to the Department of Revenue on or before the last day of the month following the month in which the fuel was sold. A monthly tax return must be submitted at the same time. For example, an LPG Vendor would remit all tax collected in September by October 31st. If October 31st falls on a Saturday, Sunday, legal holiday, or on a day that the Federal Reserve Bank is closed, the tax and report are due on the next day that is not a Saturday, Sunday, legal holiday, or a day the Federal Reserve Bank is closed.

Allowances

LPG Vendors who properly report and remit tax may reduce the amount of fuel subject to fuel tax and retain the fuel tax collected on these deducted gallons. Amounts that can be deducted are:

- 2 percent of the first 25,000 gallons taxed each month
- 1 percent of the gallons taxed in excess of 25,000 gallons each month

The maximum amount of tax that can be retained each month is \$500.

LPG Vendor Tax Return Instructions

1. Report gallons sold tax-unpaid to other licensed LPG Vendors – Attach Uniform Schedule of Disbursements Type 6e.
2. Report gallons sold tax-unpaid for agricultural (exempt) use.
3. Report gallons sold tax-unpaid to exempt government agencies – Attach Uniform Schedule of Disbursements Type 8.
4. Report gallons sold tax-unpaid to licensed LPG Users or Highway Contractors.
5. Report gallons exported from South Dakota – Attach Uniform Schedule of Disbursements Type 7.
6. Report gallons sold on which South Dakota sales tax is due and will be reported and remitted on your sales tax return.
7. Report gallons sold for use or used in licensed vehicles upon which fuel tax is due (unless sold to a licensed LPG User or Highway Contractor).
8. Total LPG gallons sold or exported – Add Lines 1, 2, 3, 4, 5, 6 and 7.
9. Report your beginning LPG inventory.
10. Report total gallons received during reporting period or brought into South Dakota.
11. Report total gallons to be accounted for – Add Lines 9 and 10.
12. Report total gallons sold or exported – Record amount from Line 8.
13. Report your ending LPG inventory – Subtract Line 12 from Line 11.
14. Report Fuel Taxable sales – Record amount from Line 7.
15. Fuel Tax rate
16. Fuel Tax liability – Multiply Line 14 by Line 15.
17. Allowance – Multiply first 25,000 gallons on Line 14 by 2% and the excess gallons by 1%. Add amounts and multiply by \$.20. Maximum amount that can be claimed is \$500.
18. Net Fuel Tax liability – Subtract Line 17 from Line 16.
19. Interest and Penalty. Interest is calculated at 1.25% per month. First month is \$5 or 1.25%, whichever is greater. Penalty is calculated at 10% or \$10, whichever is greater, for filing a return late even if no tax is due.
20. Balance Due or Credit from prior reporting periods (See computer notice).
21. Total Taxes and Fees for this reporting period – Add Lines 18, 19 and add or subtract Line 20 (depending on balance due or credit).