

SUPPLIER (SHIPPER)

A Supplier is a person that owns motor fuel or special fuel in the pipeline and terminal distribution system in this state or makes sales or authorizes the removal of this fuel from the terminal at the rack. A Supplier is also the person who owns fuel in the pipeline immediately before it is withdrawn at the terminal rack. Anyone selling fuel from the rack must have a valid South Dakota Supplier's license. The Supplier is to apply fuel excise tax and the tank inspection fee to undyed (clear) fuel at the time of sale and is then responsible for remitting these taxes and fees to the state. The Supplier also collects and remits the tank inspection fee for any dyed fuel that they sell.

Any person meeting the definition of a Supplier as listed above and operating from a terminal located outside of South Dakota may voluntarily become licensed as a Supplier. These Suppliers are required to remit tax and TI fees to South Dakota on any fuel removed from an out-of-state terminal if the bill of lading issued by the Terminal Operator indicates South Dakota as the destination state.

Selling Ethanol Blends and Methanol Blends

Ethyl Alcohol and Methyl Alcohol are taxed at the rate of \$.08 per gallon plus the \$.02 per gallon Tank Inspection Fee. These products are now taxed because of the various levels of ethanol blends now being seen in the industry. **If a Supplier sells an ethanol blend or methanol blend, the invoice must list the alcohol gallons and gasoline gallons separately.**

Natural Gasoline Sales

Suppliers selling natural gasoline from South Dakota terminals are required to collect and remit \$0.22 per gallon fuel excise tax, as well as the \$.02 per gallon Tank Inspection Fee.

Exceptions for the Collection of Fuel Taxes

The Supplier is not obligated to collect the South Dakota fuel tax in the following instances:

- Sales made to a licensed Exporter when the sale is made from a South Dakota terminal and the destination listed on the bill of lading indicates a state other than South Dakota;
- Sales of dyed diesel or dyed biodiesel (The Supplier is required to collect and remit the \$0.02 cents per gallon Tank Inspection fee in these instances);
- Product authorizations, two party exchanges or book transfers of product with other licensed South Dakota Suppliers within the terminal (In these instances the receiving Supplier or Authorization Partner is responsible for collecting and remitting the taxes and TI fees to South Dakota);
- As of July 1, 2011, ethyl alcohol or methyl alcohol transferred in bulk by pipeline into a terminal or in bulk by pipeline within a terminal will NOT be exempt from South Dakota taxes and TI fees. Ethanol Brokers however, may obtain ethyl alcohol tax free from an Ethanol Producer. Once this fuel transfers from the Ethanol Broker to a licensed South Dakota Supplier, taxes and TI fees need to be collected from the Supplier and remitted on the Ethanol Broker's tax return;

- Sales made at the rack to the U.S. Government and the Defense Fuel Supply Center;
- Sales of unblended biodiesel to a licensed Blender or a licensed Supplier for resale over the terminal rack; and
- Sales of unblended biodiesel to a licensed importer when South Dakota is listed as the destination state on the bill of lading (The Importer must also be licensed as a Blender).

Certain penalties may be assessed on any licensed Supplier that authorizes sales of motor fuel or special fuel for export from a South Dakota terminal to a person who does not have a valid South Dakota Exporter's license.

Diversions Tickets

South Dakota relies on the information that is printed on the bill of lading to determine taxability of fuel products. The Supplier must bill the customer in accordance with the destination information that is presented on the bill of lading, and their involvement with the transaction is to end there.

If a shipment of motor fuel or special fuel needs to be legitimately diverted from the represented destination state after the bill of lading has been issued by the Terminal Operator, Bulk Plant Operator or Transporter, or where the issuer failed to cause proper information to be printed on the document, the Transporter shall issue a diversion ticket for the shipment, or partial shipment, and the Consignee is to report the diversion, pay any additional taxes due or file for any refunds or credits due on their tax return.

Prior Period Adjustments

All fuel transactions must be reported, and taxes paid to South Dakota or credits claimed during the period in which they occur. Prior period adjustments are not allowed. For example: if a sale of fuel takes place on July 31st the Supplier is not allowed to delay the reporting of that transaction until the August or September reporting period. The transaction must be reported on the July tax return. If a transaction occurs at the end of the month and is not reported on that month's tax return, the Supplier is to amend the tax return, report the additional transaction on it, and fill out the Summary for Amending Tax Returns form (see appendix) for that reporting period.

Ethyl Alcohol and Methyl Alcohol

Each licensed supplier and out-of-state supplier who sells 100 percent ethyl alcohol (ethanol) and/or 100 percent methyl alcohol (methanol) are required to collect and remit .14 cents per gallon fuel excise tax, plus .02 cents per gallon tank inspection fee on all sales of these products. Suppliers must file, with the department, a monthly report by electronic means using the South Dakota EPath filing system.

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 Suppliers to keep detailed records of all fuel transactions and deliveries. Suppliers 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.

Fuel Sales, Purchase, and Shipping Records

Licensed Suppliers must keep all sales and purchase invoices in either their original format, through film retrieval or electronic media. They must also maintain shipping records that indicate the destination state for all products sold.

Bills of lading will also be retained in their original format, film retrieval, or electronic media. If a shipment is going to multiple locations in a state, the title “Various” may be used on the bill of lading to identify destination cities, but the titles “Unlisted” and/or “Unknown” are not acceptable.

The Supplier and the Terminal Operator are entitled to rely on the truthfulness of the representation made by the Transporter or the Transporter’s agent as to the destination state the Terminal Operator prints on the bill of lading. A petroex or similar number may not be relied upon by the Terminal Operator or Supplier as a representation of a destination state.

Other Records Required of Suppliers

Licensed Suppliers must maintain bills of lading that contain:

- The terminal or bulk plant name and address;
- The date the fuel was withdrawn from the terminal;
- The name and address of the Supplier, Shipper, or owner of fuel within a bulk plant if withdrawn from a bulk plant;
- The name of the Transporter or Carrier;
- The destination state. A petroex or similar number does not fulfill this requirement;
- The bill of lading number;
- The number of gross gallons of each type of fuel;
- The type of fuel product transported;
- If the fuel contains ethyl alcohol or methyl alcohol, the number of gallons of ethyl alcohol, the number of gallons of methyl alcohol, the number of gallons of gasoline or the number of gallons of any other motor fuel that are contained therein;
- The name and address of the Consignee; and
- Any other information which the Secretary deems necessary for the administration and enforcement of this chapter.

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 Supplier is required to be remitted to the Department of Revenue by electronic transfer on or before the second to the last day of the month following each month in which the fuel was sold. The last day and the second to the last day of the month means the last day and the second to the last day of the month which are not a Saturday, Sunday, legal holiday, or a day on which the Federal Reserve Bank is closed.

A monthly tax return must be filed by electronic means on the EPath system using a Uniform EPath schedule. The return must be filed on or before the twenty-third day of the month following each monthly period. If the twenty third day of the month falls on a Saturday, Sunday, legal holiday or on a day that the Federal Reserve Bank is closed, the report is due on the next day that is not a Saturday, Sunday, legal holiday, or a day the Federal Reserve Bank is closed.

Uniform EPath Schedule (Electronic Filing)

All gallons that have been released or authorized to be released from a South Dakota terminal must be reported on the Uniform EPath Schedule. In addition, all gallons that are sold by a Supplier that is licensed to collect and remit South Dakota taxes and Tank Inspection fees from an out-of-state terminal are to be reported on this schedule. The Uniform EPath Schedule will be used to compile Supplier tax returns. The monthly tax return is compiled based on the information that is entered on the schedule. A sample of the schedule is in the template section located in the back of this manual. The EPath schedule can be created in Microsoft Excel and saved as a .csv or .txt file. The file must be saved in one of these formats for the EPath program to recognize the data when the file is uploaded. Data may also be entered manually and saved before submitting the tax return. Follow the prompts given to create the schedule.

Supplier Uniform Schedules of Disbursements (Paper Return Only)

Uniform Schedules of Disbursements are required to be filed by Suppliers with each monthly tax return for those Suppliers that are authorized to file paper tax returns. This schedule must show each individual transaction that takes place during the month. State “Postal Abbreviations” are to be used when reporting Points of Origin and Destination. Neither the titles “Unlisted” and/or “Unknown,” nor the numbers “999999999” for Federal Identification Numbers (FEINs) are acceptable for identifying the Consignee listed on the Uniform Schedule of Disbursements (USOD) since the Supplier should know who is purchasing the fuel. The fuel types are to be identified by the FTA Product Codes that are listed on Pages 3 & 4 of this manual.

Delayed Payment of Taxes

Customers who purchase fuel from a licensed Supplier at the terminal rack may delay payment to the Supplier in an amount equal to the tax and the tank inspection fee. The tax liability must be made to the Supplier by the 28th day of the month following the month in which the transaction took place, except the month of February which will be due on the 27th day of the month in which the tax is due and payable by the Supplier. The Supplier may not require payment before that date. (Example: a customer who purchases fuel in September must pay the fuel tax due to the Supplier by October 28th.)

Allowances

Suppliers who properly remit tax as discussed earlier are allowed to retain an amount equal to two and one-fourth percent (2.25 percent) of the tax due on each gallon of fuel withdrawn from the rack. The Supplier may keep one-third of this amount (.75 percent) to help offset the administrative expenses involved in reporting and remitting taxes. The Supplier is to pass the remaining two-thirds (1.5 percent) on to the customer who withdrew the fuel from the terminal rack.

If a Supplier is late in submitting the monthly return or remitting the taxes due, the Supplier may not retain any of the 2.25 percent allowance. If customers are late in paying the fuel tax owed to the Supplier, the Supplier may retain the entire 2.25 percent allowance.

Refunds

If a licensed Supplier sells fuel to a customer who fails to pay the required fuel tax, the Supplier may apply for a refund of those taxes from the state by filing an Affidavit for Bad Debt Loss. The state will then make an assessment and seek to collect the taxes from the

Supplier's delinquent customer. A Supplier is eligible for a refund of the taxes not paid by a particular customer only once every three years. The Supplier must then collect all taxes due from that customer, on any subsequent sales made to them, for the next three years.

The Department will notify all Suppliers that a customer has been delinquent and is not entitled to delayed payment of fuel tax and TI fees for the next three years. The Department will also advise Suppliers that no further refunds of delinquent taxes will be made on any sales to this customer during the three-year period.



Fuel Supplier Tax Return (In-State and Out-of-State)

Pipeline Reporting	
Mail	Remittance Center
Return to:	P.O. Box 5055
	Sioux Falls, SD 57117-5055

(Pipeline reporting only. This return is not for reporting own truck transports or rail movement.)

Report in Whole Gross Gallons Only

Check here if this is an amended return

SALES	*Instructions on Back of Return	Column A Gasoline	Column B 100% Ethyl Alcohol	Column C AVGAS	Column D Dyed Diesel & Kerosene	Column E Undyed Diesel & Kerosene	Column F Jet Fuel	Column G Dyed Bio-Diesel Blend	Column H Undyed Bio-Diesel Blend	Column I 100% Methyl Alcohol	Column J Other /Natural Gasoline
1	Withdrawn from SD Pipeline										
2	Withdrawn from Out-of-state Pipeline										
3	Total Sales -- Add Lines 1 and 2										

CREDITS

4	Sold to US Government										
5	Sold to Licensed Exporter										
6	Ethyl Alcohol & Methyl Alcohol										
7	Undyed K-1 Kerosene										
8	Total Credits -- Add lines 4, 5, 6, and 7										

TAX COMPUTATION

9	Subtotal Taxable Gallons -- Subtract Line 8 from Line 3										
10	Allowance (If filing on time) -- Multiply Line 9 by 0.0225										
11	Total Taxable Gallons -- Subtract Line 10 from Line 9										
12	Tax Rates	X \$0.28	X \$0.14	X \$0.06	X \$0.00	X \$0.28	X \$0.04	X \$0.00	X \$0.28	X \$0.14	X \$0.28
13	Taxes Due -- Multiply Line 11 by Line 12	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
14	Total All Taxes Due -- Add Columns A Through J on Line 13										\$

TANK INSPECTION FEE

15	Total Gallons -- Add Columns A through J on Line 9	15	
16	Total Gallons Sold to Governmental Entities -- Add Columns A through J on Line 4	16	
17	Total Gallons of Undyed K-1 Kerosene -- Column E on Line 7	17	
18	Subtotal Tank Inspection Fee Gallons -- Add Line 15, 16, and 17	18	
19	Tank Inspection Fee -- Multiply Line 18 by \$0.02	19	\$

TAXES AND FEES DUE

20	Total Taxes and Fees Due -- Add Line 14 and 19	20	\$
21	Interest and Penalty (If filing after due date)	21	\$
22	Balance Due or Credit From Prior Reporting Period (See Computer Notice)	22	\$
23	Grand Total -- Add Lines 20 and 21, and add or subtract line 22 (Depending on balance due or credit)	23	\$

I declare and affirm under penalty of perjury that this report has been examined by me, and to the best of my knowledge and belief is in all things true and correct.

Check if final return and license is to be cancelled <input type="checkbox"/>	Signature	Title	Date
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(7-09)

Supplier Tax Return Instructions

1. Report total gallons withdrawn from pipeline(s) located within South Dakota – Schedule Type 5.
2. Licensed Suppliers making sales from out of state terminals report total gallons of fuel withdrawn from pipeline(s) outside South Dakota with a South Dakota destination on the bill of lading –Schedule Type 5.
3. Total sales – Add Lines 1 and 2.
4. Report total gallons withdrawn and sold to a U.S. Government entity directly from the pipeline(s) – Schedule Type 8.
5. Report total gallons withdrawn from pipeline(s) located in South Dakota and sold to licensed Exporters for an out of state destination – Schedule Type 6a.
6. Report total gallons of 100 percent ethyl alcohol and 100 percent methyl alcohol previously taxed – Schedule Type 5.
7. Report total gallons of K-1 kerosene sold for non-taxable purposes – Schedule Type 10.
8. Total credits – Add Lines 4, 5, 6 and 7.
9. Subtotal taxable gallons – Subtract Line 8 from Line 3.
10. Supplier Allowance – Multiply Line 9 by 2.25 percent if filing on time.
11. Total taxable gallons – Subtract Line 10 from Line 9.
12. Tax rates.
13. Taxes due – Multiply Line 11 by Line 12.
14. Total taxes due – Add Columns A through J on Line 13.
15. Total gallons – Add Columns A through J on Line 9.
16. Total gallons sold to U.S. government entities – Add Columns A through J on Line 4.
17. Total gallons of Undyed K-1 kerosene – Column E Line 7.
18. Subtotal Tank Inspection Fee gallons – Add Lines 15, 16 and 17.
19. Tank Inspection Fee – Multiply Line 18 by \$.02.
20. Total Taxes and Fees due – Add Lines 14 and 19.
21. Interest and Penalty. Interest is calculated at 1.00 percent per month. First month is \$5 or 1.00%, whichever is greater. Penalty is calculated at 10 percent or \$10, whichever is greater, for filing a return late even if no tax is due.
22. Balance Due or Credit from prior reporting periods (See computer notice).
23. Total Taxes and Fees for this reporting period – Add Lines 20, 21 and add or subtract Line 22 (depending on balance due or credit).