

Marketer License/ Gas Station

https://dor.sd.gov/

1-800-829-9188

The purpose of this Tax Fact is to explain how South Dakota motor fuel taxes apply to motor fuel transactions. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

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Who Needs a Marketer License?

Anyone selling motor fuel to the end user is required to have a Marketer license. Each location selling fuel requires its own Marketer license. No returns are required to be filed since all fuel sold by marketers should have tax already included. Marketers instead file refund claims to get their tax back from sales that are motor fuel tax free. Fuel retail locations can include convenience stores or fuel delivery services to places like farms or construction sites.

State law requires a motor fuel marketer's license be on public display at each location in which motor fuel is sold.

Some marketers may be required to obtain a South Dakota Sales Tax license. (See Sales Tax Guide)

South Dakota Motor Fuel Tax Rates	
Gasoline	.28
Undyed Diesel	.28
Ethanol	.14

Visit https://dor.sd.gov/individuals/taxes/motor-fuel/ for a complete list of motor fuel tax rates.

Marketer tax refund claims should be filed electronically using <u>EPath</u>.

Refund Claims

Licensees can file returns once a refund claim totals more than \$5. The refund can be made within 36 months of the transaction date to reach that total.

Refund claims can be made if you had:

- 1. Fuel sales to the Federal Government,
- 2. Bulk sales to approved Tribal Indian Schools (refer to Approved Tribal Indian Schools list below),
- 3. Sales to Tribes or enrolled Tribal Members purchasing fuel in land controlled by the Tribe (*only* applies to tribes without tribal agreements),
- 4. Sales of undyed diesel delivered into the refrigeration unit of motor carriers (reefer fuel). Reefer fuel is sales taxable.

Approved Tribal Indian Schools

- Marty Indian School
- Sicangu Oyate/St Francis School
- Promise School
- Porcupine Day School
- Takini School
- American Horse School
- Sinte Glaska University

- Wounded Kneed District School
- Swiftbird School
- White Horse School
- Little Wound School
- Crazy Horse School
- Loneman School Corporation

Refund Claims (cont.)

Examples:

- 1. The State of South Dakota pulls up with an F250 pickup truck. The marketer sells the fuel tax exempt for being a government entity.
 - <u>This is incorrect.</u> A state government is not a federal government and therefore owes motor fuel excise tax.
- 2. I would like to sell fuel to a school. Do I charge the school tax?
 - If the school is one of the approved Indian Schools, they would be tax exempt. All other schools are taxable.
- An enrolled tribal member purchases fuel on tribal land controlled by their tribe.
 - This fuel can be sold tax free. This only applies to tribes that do not have a tax collection agreement with the State of South Dakota.
- 4. Joe fills up his refrigeration unit on his motor carrier at Quick Stop. Instead of charging Joe motor fuel tax, Quick Stop charges him the applicable sales and municipal tax.
 - Since Quick Stop has already paid motor fuel taxes to the supplier, Quick Stop applies for a refund of the motor fuel tax for the gallons sold on the Marketer return.

Dyed Diesel

- Dyed diesel should never be sold to any individual using it to propel their vehicle on state and public roads within the road right-of-way.
- Dyed diesel is to be used only in off-road vehicles.
- Dyed diesel is sales taxable (unless sold for agricultural use—See <u>Agricultural Services Tax Fact</u>).
- Dyed diesel needs to be sold and labeled clearly as 'dyed diesel'.

Examples:

- 1. A truck driver pulls up to a dyed diesel pump.
 - This dyed diesel <u>should not</u> be sold into a tank to propel the vehicle on state and public roads with the road right-of-way.
- 2. A farmer pulls up to the dyed diesel pump with his tractor.
 - This would be allowed, and no motor fuel tax would be charged and no sales tax would be charged on this transaction. See <u>Agricultural Services Tax Fact</u> for more information.
- 3. A contractor brings a road grader on a flatbed trailer and uses dyed fuel to fill the grader.
 - No motor fuel tax is due. Applicable state and municipal sales taxes are due on this transaction.

Ethanol Blends

If your fuel pumps dispense ethanol/methanol blend fuels, tax exempt blended fuel sales need to be broken out on the marketer return.

- 100 gallons of E10 gasoline should be reported as 90 gallons of gasoline and 10 gallons of ethanol
- 100 gallons of E85 gasoline should be reported as 85 gallons of ethanol and 15 gallons of gasoline

Example:

Quick Stop sells 100 gallons of E10 tax exempt to the federal government.

• On the marketer return, Quick Stop would report 90 gallons of gasoline and 10 gallons of ethanol (100 total gallons sold x 10% E10 blend = 10 gallons of ethanol).

Fuel Additives

Anything used to expand the volume of fuel before being dispensed by the customer may require additional licenses.

Examples:

- 1. Barrels of fuel antifreeze added by the gas station into the storage tanks before being dispensed by the customer.
 - This would require additional licenses.
- 2. Customer purchases fuel antifreeze and adds it into their the tank of their own vehicle.
 - This would **not** require any additional licenses.

Delay of Payment

A wholesale distributor or retail dealer, who purchases fuel from a licensed supplier or out-of-state supplier, may request a delay of an amount equal to the taxes and tank inspection fee on fuel loads purchased during a reporting period.

If requested, the licensed supplier or out-of-state supplier cannot require payment of that amount by the 22nd day of the month in which the fuel tax is due.

Record Keeping

Detailed records must be kept of all fuel transactions. Records must be kept for the current year plus the three preceding years.

Required records to keep include, but may not be limited to:

- Bills of lading,
- Sales and purchase invoices,
- Sales receipts,
- Shipping records,
- Diversion tickets,
- Drop load tickets,
- Monthly fuel inventories,
- · Fuel disbursement records,
- Weekly pump meter readings,
- Daily storage tank measurements.

Go online to https://dor.sd.gov/businesses/taxes/motor-fuel/ for tax information that applies to your business.

Please visit https://dor.sd.gov/businesses/taxes/motor-fuel/#dates if you would like assistance filling out online returns.

Contact Us

If you have any questions, please contact the South Dakota Department of Revenue.

Call toll-free: 1-800-829-9188

Motor Vehicle Division Email: sdmotorfuel@state.sd.us

Website: https://dor.sd.gov/

Mailing address and office location: South Dakota Department of Revenue

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