

Import/Export License

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 an Import/Export License?

The Import/Export License is required when an entity that owns fuel transports, delivers, or causes that fuel to be brought into or taken out of the State of South Dakota by means other than pipeline.

An importer/exporter files returns using information contained on the bill of lading and diversion ticket.

If you are transporting over 4,200 gallons at one time across the South Dakota border, you may require additional licensing. Please contact sdmotorfuel@state.sd.us for additional information.

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.

Import/export tax returns should be filed electronically monthly using <u>Epath</u>.

Fuel Types

The supplier return includes these fuel types:

- Gasoline
- 100% ethyl alcohol
- AVGAS
- Dyed Diesel and kerosene
- Jet fuel
- Dyed biodiesel blend
- Undyed biodiesel blend
- 100% methyl alcohol
- Natural gas
- All other fuel types not including compressed natural gas (CNG) and liquid petroleum gas (LPG)

Compressed natural gas (CNG) and liquid petroleum gas (LPG) are reported on their own license types.

A motor fuel tank inspection fee is due on all fuel types listed.

Dyed fuels are sales taxable.

Schedule Types

The import/export return includes the following schedule types:

Schedule Type	Description
1A	Gallons received, originating state tax paid
2A	Gallons received from terminals, refineries, or distributors, originating tax unpaid
2B	Gallons received tax unpaid, blend-able stock (typically biodiesel)
2C	Gallons received imported tax unpaid diversion
5	Gallons delivered in South Dakota from South Dakota with South Dakota tax collected
7	Gallons exported out of state, tax unpaid
7B	Gallons sold for export, originating state tax paid
10	Kerosene sold non-taxable for purposes such as heating

Bill of Lading (BOL)

The bill of lading is a document issued by a terminal operator, bulk plant operator, transporter, or ethanol producer. See <u>Supplier Tax Fact</u> for information on bills of lading.

At the Rack

South Dakota is a "tax at the rack" state. This means motor fuel is taxed as it is distributed from the rack inside a terminal. Any motor fuel that enters a pipeline terminal by means other than pipeline <u>must</u> be taxed prior to it entering the gates of that pipeline terminal. This means that for fuel that was not transported through the pipeline, the tax is passed on at the rack.

Whomever owns the fuel immediately before being distributed at the rack according to the bill of lading is responsible for collecting and remitting taxes and tank inspection fees on their supplier return.

South Dakota laws do not apply outside of South Dakota; however, if the out-of-state supplier has chosen to obtain the South Dakota out-of-state supplier license, South Dakota laws do apply.

Examples:

- 1. Generic Oil pulled fuel from the South Dakota terminal and sold this fuel to Inclusive Oil with a destination on the bill of lading of Iowa. Inclusive Oil is a licensed exporter and has the proper licenses to sell the fuel in Iowa.
 - Generic Oil will report this transaction on their supplier license. Inclusive Oil will report this on their import/export license.
- 2. XYZ Fuel is a supplier in South Dakota and sold fuel for export to Smith Oil in Montana. Inferior does not have a valid import/export license, nor do they have proper licenses to distribute this fuel in Montana.
 - XYZ Fuel is required to charge South Dakota motor fuel taxes and tank inspection fees on the fuel sold to Smith Oil.
- 3. Normal Oil is a licensed supplier and a licensed importer/exporter in South Dakota. They sell fuel to a properly licensed business in Wyoming and delivered to them in Wyoming.
 - Normal Oil must report this on <u>both</u> their supplier return and their importer/exporter return.

Production Authorization

Also known as:

Flash Title Sale
Above the Rack Sale
Stock Transfer
Etc.

Product authorizations are transactions that occur exclusively inside a motor fuel terminal. These transactions occur post entry to the terminal and before distribution "at the rack." Because South Dakota is a "tax at the rack" state these transactions are not report on South Dakota motor fuel tax returns.

Please refer to the "At The Rack" section in this tax fact to see what is required to be reported.

Production Authorization (cont.)

Example:

Percy's Oil ran out of fuel to sell in a South Dakota terminal, but has fuel being transported in the pipeline arriving in one week. They broker a deal with Fozzy's Oil that has a large amount of fuel already in the terminal to meet their needs until their fuel arrives next week.

 This transaction occurred post entry to the terminal and prior to being distributed at the rack and does <u>not</u> get reported.

Diversion Tickets

South Dakota relies on the information that is printed on the bill of lading because it determines the taxability of fuel products. However, if a shipment was destined to go to one destination, but was then diverted to another destination or if the issuer of the bill of lading failed to list the correct information on the bill of lading, a diversion ticket will need to be issued for the shipment or partial shipment.

The entity that causes the diversion is responsible for reporting the diversion.

Example:

Noxious Gas Inc. purchased fuel from a licensed out-of-state supplier, Vicious Fuel in Minnesota, with an original destination in Minnesota. While Noxious Gas was en route to one of their locations in Minnesota, they received notification that their gas station in South Dakota was running very low on gas. Noxious Gas chose to divert the load to South Dakota.

• Since Noxious Gas caused the diversion, they would be required to report this diversion on their import/export license and a diversion ticket is issued.

Allowance

Importers

Importers that file and pay on time are allowed to retain 1.5% of taxes claimed on taxable fuel. Importers retain this allowance.

Example:

Tom's Fuel is a licensed importer in South Dakota. Tom's Fuel imports fuel from out of state and collects and remits motor fuel taxes and tank inspection fees to South Dakota. Tom's Fuel filed and paid on time.

 Tom's Fuel is allowed a 1.5% allowance on taxable gallons on the import/export return and allowed to retain that allowance.

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 <u>cannot</u> require payment of that amount until 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
- Shipping records indicating the destination state for all products sold
- Diversion tickets
- Drop load tickets
- Monthly fuel inventories
- Journals
- Ledgers

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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