

Gallons Sold to Licensed Distributors Tax Not Collected

When a licensed distributor sells gasoline to another licensed distributor and collects no tax on the sale, the distributor selling the fuel is entitled to claim an exemption on the next month's return.

Schedule 6D

When gasoline is sold to another licensed distributor with no tax collected, gallons should be reported on Schedule 6D of the Gasoline Tax Return. The distributor should receive a letter that includes the exemption and the month the exemption can be used.

Line 11 Exemption

Once the exemption has been approved by the Department of Revenue, the distributor is allowed to deduct the exemption on the next month's return. The exemption should be reported on Line 11, "Gallons Approved by MDOR – Sold to Licensed Distributor Tax not Collected".

Liability of Tax-Free Sales

Gasoline is subject to an exemption of the full amount when it is sold or delivered by a distributor to another distributor. This tax free sale only applies between the first distributor and the second distributor and the second distributor to a third distributor. The third distributor receiving the gasoline must pay the tax and cannot sell the gasoline tax free to another distributor.

Amended Returns

In the event a distributor must amend a return to correctly report a sale of gasoline to another licensed distributor with no tax collected, the credit should be claimed in the same manner as the original filing.

The distributor should file an amended return with the correction made to Schedule 6D. Once this return is approved by the Department of Revenue, a new letter will be issued to include the updated exemption that can be claimed on the next month's return following the amended return. The credit cannot be combined with the current month's exemption.

As an example, if the November 2016 return is amended, the amended amount of Line 11 Exemption should be claimed on the December 2016 amended return.

