



STATE BOARD OF EQUALIZATION
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Special Notice: New Sales and Use Tax Fuel Exemption Certificate

Subject to the conditions described below, for purchases on or after January 1, 2001, you may issue an exemption certificate to your fuel seller when a *portion* of the fuel you are buying will be used in a manner that entitles you to a direct refund or credit against your income tax for the federal excise tax imposed by section 4081 or 4091 of the Internal Revenue Code. Prior to January 1, 2001, you could issue a certificate only when *all* the fuel would be used in a qualifying manner.

New Exemption Certificate to Use When A Portion of the Fuel Will Be Used in a Manner that Qualifies for a Refund or Credit for the Federal Excise Tax.

Assembly Bill 2894, Chapter 923, Statutes 2000, added section 6245.5 to the Revenue and Taxation Code, "Exemption certificate--fuel purchases." This section provides for a new certificate, which will be incorporated into Regulation 1598, *Motor Vehicle and Aircraft Fuels*. Until the amended regulation is approved, you may, if qualified, use the draft version of the certificate on the reverse side.

You are qualified to issue a section 6245.5 certificate if you meet *all* of the following conditions:

- You hold a valid California seller's permit; and
- You were entitled to either a direct refund or credit against your income tax for the federal excise tax imposed by section 4081 or 4091 of the Internal Revenue Code for more than 50 percent of your fuel purchases *during the prior calendar year*; and
- Your business operations remain substantially the same as during the prior calendar year so that you expect to continue to be entitled to a direct refund or credit against your income tax for the federal excise tax imposed by section 4081 or 4091 of the Internal Revenue Code for more than 50 percent of your fuel purchases.

When you issue your vendor the certificate, your vendor will not charge you for the California sales or use tax that applies to the federal excise tax paid with respect to the fuel you purchase. However, you must report California use tax on the amount of the federal excise tax paid with respect to the fuel that is used in a manner that does not qualify for a refund or credit of that federal excise tax. You must report that use tax liability for the reporting period in which the use of the fuel occurs.

You may *not* issue a section 6245.5 exemption certificate if you know you will use *all* of the fuel that you would purchase under the certificate in a manner that does not qualify for the IRS refund or credit.

What if I Am Not Qualified to Use the New Certificate?

You may issue the certificate that is currently provided in Sales and Use Tax Regulation 1598, *Motor Vehicle and Aircraft Fuels*, if you will use *all* the fuel you will purchase in a manner that will qualify for a credit or refund of the federal excise tax.

What if I Did Not Issue a Certificate and Use the Fuel in a Manner that Qualifies for the Refund or Credit for the Federal Excise Tax?

If you pay sales tax reimbursement on the amount of the federal excise tax because you did not issue either certificate, you may file a claim for refund through your vendor with respect to the fuel used in a qualifying manner. You should provide the documentation of your credit or refund of the federal excise tax to your vendor and request that the vendor file a claim for refund of the tax with the Board. The vendor would refund to you the sales or use tax on the federal excise tax after the Board issues the refund.

For More Information

Please call our Information Center at 1-800-400-7115. Staff is available from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding State holidays. For information on federal excise taxes on fuel, you can visit the Internal Revenue Service website, www.irs.gov.

Section 6245.5 Certificate for the Exemption of Sales and Use Tax on Federal Excise Taxes

This certificate entitles the qualified purchaser to an exemption from the sales and use tax on federal excise taxes imposed on fuel purchases.

I HEREBY CERTIFY that I satisfy **all** of the following conditions:

1. I was entitled to either a direct refund or credit against my income tax for the federal excise tax imposed pursuant to Section 4081 or 4091 of the Internal Revenue Code for more than 50 percent of my purchases of fuel during the prior calendar year; and
2. My business remains substantially the same as during the prior calendar year such that I reasonably expect to be entitled to either a direct refund or credit against my income tax for the federal excise tax imposed pursuant to Section 4081 or 4091 of the Internal Revenue Code for more than 50 percent of my purchases of fuel; and
3. I hold a valid California seller's permit, the number for which is set forth below.

With respect to any fuel that is not used in a manner which entitles me to a direct refund or credit against my income tax of the federal excise tax imposed pursuant to Section 4081 or 4091 of the Internal Revenue Code, or if I do not receive such refund or credit, I will report and pay use tax measured by the amount of the federal excise tax that had been paid in connection with that fuel, with my return for the period in which the fuel is used.

Purchaser: _____
(Company Name)

Address: _____

Signature: _____ Date: _____
(Signature of Authorized Agent)

Title: _____
(Owner, Partner, Purchasing Agent, etc.)

Seller's Permit No.: _____

Identification Numbers of Vehicle/Aircraft Owned or Operated

_____	_____
_____	_____
_____	_____
_____	_____