



TaxNewsFlash

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IRS waives dyed diesel fuel penalty because of hurricane-related shortages

The IRS today announced that because of shortages of undyed diesel fuel caused by Hurricane Harvey, it will not impose a penalty when dyed diesel fuel is sold for use or used on the highway. Typically, dyed diesel fuel is not taxed because it is sold for uses exempt from excise tax—such as sales to farmers for farming purposes, for home heating use, and to local governments for buses.

Today's IRS release—[IR-2017-139](#)—states that the penalty relief begins August 25, 2017, through September 15, 2017, in areas and counties for which the Environmental Protection Agency (EPA) issued waivers for Texas low emission diesel fuel, as follows:

- Houston-Galveston-Brazoria area (the counties of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller)
- Beaumont-Port Arthur area (the counties of Hardin, Jefferson, and Orange)
- Dallas-Fort Worth area (the counties of Collin, Dallas, Denton, Tarrant, Ellis, Johnson, Kaufman, Parker, and Rockwall)
- The counties of Anderson, Angelina, Aransas, Atascosa, Austin, Bastrop, Bee, Bell, Bexar, Bosque, Bowie, Brazos, Burleson, Caldwell, Calhoun, Camp, Cass, Cherokee, Colorado, Comal, Cooke, Coryell, De Witt, Delta, Falls, Fannin, Fayette, Franklin, Freestone, Goliad, Gonzales, Grayson, Gregg, Grimes, Guadalupe, Harrison, Hays, Henderson, Hill, Hood, Hopkins, Houston, Hunt, Jackson, Jasper, Karnes, Lamar, Lavaca, Lee, Leon, Limestone, Live Oak, Madison, Marion, Matagorda, McLennan, Milam, Morris, Nacogdoches, Navarro, Newton, Nueces, Panola, Polk, Rains, Red River, Refugio, Robertson, Rusk, Sabine, San Jacinto, San Patricio, San Augustine, Shelby, Smith, Somervell, Titus, Travis, Trinity, Tyler,

Upshur, Van Zandt, Victoria, Walker, Washington, Wharton, Williamson, Wilson, Wise, and Wood

The IRS release states that the penalty relief is available to any person that sells or uses dyed fuel for highway use.

Concerning operators of vehicles in which the dyed fuel is used, the penalty relief is available only if the operator or the person selling the fuel pays the tax of 24.4 cents per gallon that is normally applied to diesel fuel for highway use. The IRS also said that it will not impose penalties for failure to make semi-monthly deposits of the tax.

Diesel fuel with sulfur content higher than 15 parts-per-million may not be used in highway vehicles.

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