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IRS expands dyed diesel fuel penalty relief for Texas

The IRS over the weekend announced that because of hurricane-related shortages of fuel, relief from penalties for sales of dyed diesel fuel for use on the highway is being expanded to provide for the entire State of Texas. The effective date for this relief is August 25, 2017, through September 15, 2017.

Ordinarily, dyed diesel fuel is not taxed, because it is sold for uses exempt from excise tax, such as for an off-highway business use, on a farm for farming purposes, for home heating use, and to local governments for buses. Because of hurricane-related fuel shortages, the IRS offered relief from the penalty that otherwise would be imposed on non-qualifying uses of such fuel. Previously, the penalty relief had applied to certain specified areas and counties in Texas. Read [TaxNewsFlash-United States](#)

As noted in the IRS release—[IR-2017-142](#) (September 3, 2017)—the penalty relief is available to any person that sells or uses dyed diesel fuel for highway use. In the case of the operator of the vehicle in which the dyed diesel fuel is used, the penalty relief is available only if the operator of the highway vehicle or the person selling the dyed diesel fuel pays the tax of 24.4 cents per gallon that is normally imposed on diesel fuel for highway use. The IRS also announced that it will not impose penalties for failure to make semi-monthly deposits of this tax and will closely monitor the situation to provide additional relief if necessary.

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