

Gasoline Sales to Farmers

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Petroleum Fact Sheet 100

Fact Sheet

Effective July 1, 1997, gasoline sold and delivered to on-farm bulk storage for farm use may be sold tax free. Sales of **undyed diesel fuel** are not included in this exemption.

In order for gasoline sales to be claimed tax free, the

- gasoline must be delivered to a farm for farm use,
- sales tickets must clearly reflect name and complete address of purchaser (tickets prepared with CASH as the purchaser will not be accepted), and
- invoices must clearly indicate that the gasoline was sold tax free.

Claiming the credit

To report tax-free gasoline sales, use Form PDA 46-H, *Tax Exempt Bulk Gasoline Sales to Farmers*. All entries of tax-free sales must be legible and provide the:

- full name of purchaser,
- complete address that includes street number, rural route number and box number, and
- invoice date, number and quantity.

Note: If using a computer-generated list of sales, the same requirements must be met. If the above requirements are not met, your claim for credit will be denied.

Not all distributors selling gasoline tax free are licensed through or filing a tax return with the Minnesota Department of Revenue's Petroleum Division. Companies that purchase gasoline tax paid must request this credit from their supplier. These companies must meet the same requirements previously listed or their claim will be denied.

Common misconceptions about gasoline purchased for off-highway use

Gasoline sold to the following do not qualify for tax-free sales:

Golf courses	Cemeteries
Construction companies	Landscapers
Marinas	Game refuges
Ag tiling companies	Loggers
Non-profit organizations	Local units of government
Grain elevators	

This list provides a few examples of exemptions that do not qualify. The common misconception is that if the gasoline is used for off-highway use or in a non-licensed piece of equipment, the gasoline may be sold tax free. For example, the gasoline used in a tractor that is not used on a farm is not a tax-free sale.

While gasoline can't be sold tax free for use in the examples provided above, distributors may inform purchasers that they may be eligible for a refund on the tax paid if the gasoline is used off-highway for a business purpose. (See Form PDR-1, *Minnesota Motor Fuel Claim for Refund*.)

Note: The fact that gasoline may be subject to a refund is not a reason to sell the gasoline tax free.