



WORKING TOGETHER

FOR A BETTER WEST VIRGINIA



WV DEPT OF REVENUE

WV MOTOR FUEL TAX 11-14C

EFFECTIVE JANUARY 1, 2004



DEFINITIONS

- PERMISSIVE/NON-PERMISSIVE SUPPLIER
- SHIPPING DOCUMENTS
- DIVERSIONS
- IMPORT CONFIRMATION NUMBER

TEAMWORK



DEFINITIONS

- Permissive supplier located outside of WV who Agrees to collect WV Motor Fuel Tax
- Non-permissive supplier located outside WV who does not Agree to collect WV Motor Fuel Tax.

TEAMWORK



Shipping Documents

- Only issued by Terminal Operators or Bulk Plant Operators
- MUST BE MACHINE PRINTED –UNLESS REQUEST FOR HANDWRITTEN HAS BEEN APPROVED
- NOT FROM: Common Carriers/
Transporters



Shipping documents con't

- §11-14C-34. Shipping documents; transportation of motor fuel by barge, watercraft, railroad tank car or transport truck; civil penalty.
- (a) A person shall not transport in this state any motor fuel by barge, watercraft, railroad tank car or transport vehicle unless the person has a shipping document for the motor fuel that complies with this section. **A terminal operator or operator of a bulk plant shall give a shipping document** to the person who operates the barge, watercraft, railroad tank car or transport vehicle into which motor fuel is loaded at the terminal rack or bulk plant rack.



Shipping Documents con't

- Shipping Document requirements:
- Only Issued by Terminal Operator or Bulk Plant Operator
- 1. Name and Address of Terminal or Bulk Plant where the fuel was loaded
- 2. Date fuel loaded
- 3. Invoiced Gallons loaded
- 4. Destination State of motor fuel
- 5. Jet Fuel should be marked “not for on road



Shipping Documents con't

- 6. Dyed Diesel fuel should be marked “dyed diesel fuel, nontaxable use only.....”
- 7. Shipping document issued by terminal operator – the invoiced gallons loaded and the name of the supplier responsible for the tax due on the motor fuel is required to be on the document



ISSUES:

- SOME TERMINALS DO NOT PUT NAME OF SUPPLIER ON THE SHIPPING DOCUMENT (BOL).
- IF THE NAME OF THE SUPPLIER IS NOT ON BOL, TRANSPORTER MUST GET AN IMPORT CONFIRMATION NUMBER BEFORE DELIVERING LOAD INTO WV.



Diversion Numbers

- The transporter is required to deliver motor fuel to the destination state printed on the shipping document.
- However, if after the shipping document is issued, the transporter receives instructions (or realizes an incorrect destination state on the shipping document) and the motor fuel will be delivered to a different state, the person must notify the Commissioner of the revised destination.
- The transporter must register the diversion and receive from the commissioner a confirmation number authorizing the diversion;



DIVERSION PROCEDURE

- Write on the shipping document the change in destination state
- the confirmation number for the diversion; and
- Give a copy of the shipping document to the person to whom the motor fuel is delivered.



ISSUES:

- TRANSPORTERS NOT OBTAINING DIVERSION NUMBERS
- NOT WRITING THE PROPER DESTINATION STATE ALONG WITH THE DIVERSION NUMBER ON THE SHIPPING DOCUMENT/
NOT LEAVING BOL AT POINT OF DELIVERY
- NO CHOICE BUT TO ISSUE ASSESSMENT TO TRANSPORTER FOR FAILURE TO OBTAIN DIVERSION NUMBER



IMPORT VERIFICATION

- "Import verification number" means the number assigned by the commissioner with respect to a single transport vehicle delivery (each load) into this state from another state, from a non-permissive supplier or a bulk plant.

IMPORT CONFIRMATION NUMBERS/PROCEDURES



The Importer or Transporter receives from the commissioner a confirmation number authorizing the IMPORT; and

- Writes on the shipping document the confirmation number for the IMPORT; and

- Gives a copy of the shipping document to the person to whom the motor fuel is delivered.

Import Confirmation Numbers



- Import Confirmation number is required for
- All loads of fuel from outside of WV from Bulk Plants and Non-Permissive Suppliers
- Due to system development this requirement was not effective until June 1, 2005.

TEAMWORK



ISSUES:

- TRANSPORTER/IMPORTER FAILING TO REGISTER IMPORT—MUST OBTAIN IMPORT NUMBER PRIOR TO IMPORTING
- TRANSPORTER FAILURE TO WRITE THE IMPORT CONFIRMATION NUMBER ON THE BOL TO LEAVE AT THE POINT OF DELIVERY
- NO CHOICE BUT TO ISSUE ASSESSMENT FOR FAILURE TO OBTAIN IMPORT CONFIRMATION NUMBER



Import Confirmation numbers con't

- Due to an Administrative Rule – Tank Wagon (Bobtail) trucks carrying dyed diesel or propane going back and forth across border are not required to obtain an import confirmation number each time they cross the border. (Must obtain import conf # for each load, keep ledger in truck, then get diversion number for gallons exported.)



TAXPAYER RESPONSIBILITIES

- RETAILERS
- MUST HAVE CURRENT WV BUSINESS REGISTRATION CERTIFICATE
- REQUIRED TO RETAIN SHIPPING DOCUMENTS AT THE RECEIVING LOCATION FOR 90 DAYS
- KEEP OFF SITE FOR AT LEAST 3 YEARS

TEAMWORK

RETAILER, CON'T



- MUST REFUSE DELIVERY OF MOTOR FUEL IF DESTINATION STATE IS NOT WV AND THERE IS NO DIVERSION # ON BOL
- MAY ONLY PURCHASE MOTOR FUEL FROM LICENSED DISTRIBUTORS IMPORTERS OR SUPPLIERS
- www.wva.state.wv.us/taxmotorfuel/



RETAILERS, CON'T

- MUST REFUSE TO SELL DYED (UNTAXED) FUEL FOR USE IN ON HIGHWAY VEHICLES

§11-14C-36. Improper sale or use of untaxed motor fuel; civil penalty.

(a) Any person who commits any of the following violations is subject to the civil penalty specified in subsection (b) of this section:

Sells or stores any dyed diesel fuel for use in a highway vehicle that is licensed or required to be licensed as such, unless that use is allowed under the authority of 26 U. S. C. §4082;



TAXPAYER RESPONSIBILITIES

- BULK PLANT
- MUST HAVE A CURRENT WV BUSINESS REGISTRATION CERTIFICATE IF LOCATED IN WV
- MUST RETAIN (BOL FROM SUPPLIER) SHIPPING DOCUMENTS AT LOCATION FOR 90 DAYS
- RETAIN OFF SITE AT LEAST 3 YEARS
- MUST PROVIDE SHIPPING DOCUMENT FOR ALL LOADS REMOVED FROM BULK PLANT

TEAMWORK



TAXPAYER RESPONSIBILITIES

- IMPORTERS/DISTRIBUTORS
- REQUIRED TO HAVE A WV MOTOR FUEL LICENSE AND A CURRENT BUSINESS REGISTRATION CERTIFICATE
- REQUIRED TO OBTAIN AN IMPORT CONFIRMATION NUMBER IF FUEL IS IMPORTED INTO WV FROM A BULK PLANT OR FROM SOMEONE NOT LICENSED AS A PERMISSIVE SUPPLIER



TAXPAYER RESPONSIBILITIES

- TRANSPORTERS
- REQUIRED TO HAVE A WV MOTOR FUEL LICENSE AS WELL AS A CURRENT BUSINESS REGISTRATION CERTIFICATE
- MUST DELIVER MOTOR FUEL TO DESTINATION STATE PRINTED ON SHIPPING DOCUMENT UNLESS DIVERSION NUMBER IS OBTAINED
- REQUIRED TO OBTAIN IMPORT CONFIRMATION NUMBER IF MOTOR FUEL IS IMPORTED FROM BULK PLANT OR NON PERMISSIVE SUPPLIER



TAXPAYER RESPONSIBILITIES, CON'T

- REQUIRED TO GIVE COPY OF SHIPPING DOCUMENT TO RETAIL/BULK PLANT (OR PERSON) AT TIME OF DELIVERY.
- REQUIRED TO PRESENT SHIPPING DOCUMENTS TO LAW ENFORCEMENT OR REPRESENTATIVE OF THE TAX DEPARTMENT.

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TAXPAYER RESPONSIBILITIES

- BIODIESEL PRODUCER
- REQUIRED TO FILE THE WV PRODUCER REPORT
- MUST HAVE VALID BUSINESS REGISTRATION CERTIFICATE
- MUST PAY THE TAX ON BIODIESEL USED AS A MOTOR FUEL

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ISSUES:

- FAILURE TO OBTAIN MOTOR FUEL LICENSE FOR ANY LICENSE TYPE LEAVES US NO CHOICE BUT TO ISSUE AN ASSESSMENT FOR EACH VIOLATION. EACH LOAD IS A VIOLATION.

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VIOLATIONS & PENALTIES

EACH TRANSACTION/LOAD = 1 VIOLATION

- **NO MOTOR FUEL LICENSE**
- 1ST \$5,000 – SUBSEQUENT \$10,000
- NO DIVERSION NUMBER
- 1ST \$5000 – SUBSEQUENT \$10,000
- NO IMPORT CONFIRMATION NUMBER
- 1ST \$5000 – SUBSEQUENT \$10,000
- FAILURE TO GIVE SHIPPING DOCUMENT (BOL) AT TIME OF DELIVERY
- OR FAILS TO SHOW BOL TO STATE REP
- FINED < \$5,000 NOR MORE THAN \$25,000



RETURN ERRORS!!!

- THE INFORMATION REQUIRED WITH EACH RETURN IS VALUABLE TO THE DEPARTMENT.
- THIS INFORMATION ALLOWS US TO TRACK MOTOR FUEL FROM THE POINT OF ORIGIN TO THE FINAL DESTINATION AND TO VERIFY THAT THE PROPER AMOUNT OF TAX HAS BEEN PAID. THIS HELPS MAINTAIN AN EVEN PLAYING FIELD FOR ALL DISTRIBUTORS.



RETURN ERRORS!!!

- MOST FREQUENT ERRORS ON RETURNS
- FAILURE TO USE ACCURATE SHIPPING DOCUMENT (BOL) NUMBERS
- FAILURE TO REPORT ENTIRE SHIPMENT
- FAILURE TO USE CORRECT SCHEDULE
- IMPORTERS–FAILURE TO SUBMIT SCHEDULE OF TAX–PAID RECEIPTS (SCHEDULE 1A)–MUST PROVIDE REQUIRED INFORMATION FOR THE DEPARTMENT TO VERIFY TAX PAID PURCHASES



RETURN ERRORS!!!

- FAILURE TO RETURN ALL SCHEDULES
- FAILURE TO SEND DUPLICATE EXPORT INFORMATION
- FAILURE TO PROVIDE SIGNATURE
- FAILURE TO SEND REMITTANCE WITH RETURN

TEAMWORK



MORE RETURN ERRORS

- REPORTING LOADS AS “VARIOUS”
- FAILURE TO LIST CORRECT TRANSPORTER
- ERRONEOUSLY REPORTING SALES INSTEAD OF INVOICED GALLONS

- ALL OF THESE ERRORS HINDER THE ABILITY OF THE DEPARTMENT TO TRACK THE MOVEMENT OF MOTOR FUEL EFFECTIVELY WHICH COULD RESULT IN “CHEATERS FALLING THROUGH THE CRACKS”.



MOTOR FUEL AUDITS

- IT IS OUR GOAL TO AUDIT EVERY TAXPAYER TO INSURE COMPLIANCE USING TAXPAYER RECORDS DURING A FIELD AUDIT AND USING TAX RETURNS FILED BY ALL LICENSEES.
- FIELD AUDITS ARE SELECTED
 - RANDOMLY
 - PROBLEM WITH RETURNS
 - TIPS



MOTOR FUEL AUDITS

- FIELD AUDITORS WILL VERIFY THE ACCURACY OF THE FILED RETURNS USING VARIOUS SOURCES INCLUDING:
- GENERAL LEDGER, FEDERAL RETURNS, OTHER STATES RETURNS, SHIPPING DOCUMENTS, TRANSPORTER RETURNS, SUPPLIER RETURNS, BANK STATEMENTS, ETC.....



AUDITS CON'T

**BOTH FIELD AUDITORS AND IN-HOUSE
AUDIT CLERKS VERIFY DIVERSION
NUMBERS AND THAT ALL IMPORTS FROM
NON-PERMISSIVE SUPPLIERS HAVE
IMPORT CONFIRMATION NUMBERS**

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APPEALS PROCESS

- ALL TAXPAYERS HAVE THE RIGHT TO PETITION ANY ASSESSMENT
- Petitioning information is enclosed with each assessment issued
- A taxpayer has 60 days to petition any assessment
- Hearings are conducted by the WV Office of Tax Appeals.



WHO TO CALL.....

QUESTIONS CONCERNING REPORTING/IMPORTS/DIVERSIONS:

Donald Butler (304) 558-8623 dbutler@tax.state.wv.us

Carol Brown (304) 558-8627 cbrown@tax.state.wv.us

Donna Purdy (304) 558-8625 dpurdy@tax.state.wv.us

Beverly Segsworth (304) 558-8624 bsegsworth@tax.state.wv.us

Crystal Ellington (304) 558-8626 cellington@tax.state.wv.us

FIELD AUDIT

AUDITING DIVISION 558-8533

IFTA

SUSAN STEWART 558-8621

CRIMINAL INVESTIGATIONS DIVISION

558-8510



ANY QUESTIONS???

- INTERNAL AUDITING
- CRIMINAL INVESTIGATIONS DIVISION
- FIELD AUDITING

**WE ARE HERE TO HELP YOU
UNDERSTAND THE LAW!!!**

IMPORTER SCHEDULE 1A

Adobe Reader - [WVMFT-508A Tax-paid receipts Schedule 1A SAMPLE.pdf]

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Adobe Reader 7.0

WVMFT-508 A
REV 09/07



IMPORTER SCHEDULE OF TAX-PAID RECEIPTS

WEST VIRGINIA STATE TAX DEPARTMENT
INTERNAL AUDITING DIVISION
P O BOX 2951

Charleston, WV 25330-2951

(304) 558-8623; (304) 558-8624; (304) 558-8625; (304) 558-8626; (304) 558-8627

J

FEIN	NAME SAMPLE		SCHEDULE 1A	MONTH/YEAR					
PRODUCT INFORMATION (CHECK APPLICABLE BOX)				MODE OF TRANSPORTATION					
<input type="checkbox"/> 150 - #1 Fuel Oil <input type="checkbox"/> 125 - Aviation Gasoline <input type="checkbox"/> 130 - Aviation Jet Fuel <input type="checkbox"/> 122 - Blending Components <input type="checkbox"/> 124 - Gaschol <input type="checkbox"/> 065 - Gasoline		<input type="checkbox"/> 228 - Diesel - Dyed <input type="checkbox"/> 160 - Diesel - Undyed <input type="checkbox"/> 284 - Biodiesel - Undyed <input type="checkbox"/> 072 - Kerosene - Dyed <input type="checkbox"/> 142 - Kerosene - Undyed		<input type="checkbox"/> 054 - Propane <input type="checkbox"/> 224 - Compressed Natural Gas <input type="checkbox"/> 225 - Liquefied Natural Gas <input type="checkbox"/> Other - Product Type _____ Product Code _____	J - Truck R - Rail B - Barge Report Tax Paid fuel loaded at a Terminal Rack ONLY from a licensed permissive supplier				
PRODUCT RECEIPT INFORMATION: YOU MUST COMPLETE SEPARATE SCHEDULES FOR EACH PRODUCT TYPE AND SELLER									
(1) Transporter Name	(2) Mode	(3) Point of Origin (TCN) Destination	(4) Supplier Name	(5) Seller Name	(6) Date Loaded	(7) Bill of Lading Number	(8) Gross Gallons	(9) Net Gallons	(10) INVOICED GALLONS
<small>This must be the person who transported the product for you. This is either yourself or a transporter you "hired".</small>	J for Truck R for Rail B for Barge	Origin-Terminal control number or city and state of terminal. Destination is the destination state shown on the bill of lading (not your invoice)	<small>This must be the SUPPLIER AT THE TERMINAL</small>	<small>This must be the SELLER WHO HAS INVOICED YOU FOR THE FUEL</small>	<small>This must be the DATE the product was LOADED</small>	<small>This must be the BILL OF LADING OR MANIFEST NUMBER ISSUED BY THE TERMINAL. NOT YOUR INVOICE NUMBER</small>	<small>This must be GROSS and NET gallons loaded. WILL NOT be the same quantity</small>	<small>This must be ACTUAL GALLONS Billed by supplier</small>	
IMPORTANT NOTICE: You must obtain prior approval to submit your own schedules All columns must be completed for each transaction						TOTAL THIS PAGE only			
						TOTAL ALL PAGES			

Pages

Attachments

Comments



Assessments issued:

Failure to register imports

Failure to register

diversions

- 2006 35 total \$5,245,000.00
\$410,000.00
- 2007 14 total \$400,000.00
\$80,000.00

40 total

6 total

TEAMWORK