

**WISCONSIN DEPARTMENT OF REVENUE  
DIVISION OF INCOME, SALES, AND EXCISE TAX**

**NOTICE OF PROPOSED GUIDANCE DOCUMENTS**

Pursuant to sec. 227.112, Wis. Stats., the Wisconsin Department of Revenue, Division of Income, Sales, and Excise Taxes hereby seeks comment on the proposed guidance document listed in the table below.

**SUBMITTING PUBLIC COMMENTS**

Public comments on proposed or adopted guidance documents may be submitted online at: <https://www.revenue.wi.gov/Pages/contactUs/proposed-Guidance.aspx>.

**DEADLINE FOR SUBMISSION**

The period for public comment for proposed guidance documents ends 21 days after publication in the Administrative Register, unless the Governor approves a shorter commenting period.

<b>Document Number</b>	<b>Document Title</b>
<b>100095</b>	Alternate Fuel Tax - Common Questions

State of Wisconsin  
Department of Revenue

# Alternate Fuel Tax

**This is a proposed guidance document. The document has been submitted to the Legislative Reference Bureau for publication in the Administrative Register for public comment as provided by sec. 227.112(1), Wis. Stats.**

1. What are the definitions of "alternate fuel", "person", and "licensee"?
2. What is the Wisconsin tax rate on alternate fuel?
3. How is the tax rate calculated for alternate fuels?
4. Who pays the alternate fuel tax?
5. When is the alternate fuel tax paid?
6. Who must obtain an alternate fuel tax license?
7. How are the alternate fuel tax reports filed?
8. When are the alternate fuel tax reports due?
9. What are the fees for filing or paying late?
10. Are any fuel sales exempt from the alternate fuel tax?
11. Who may receive a refund of alternate fuel tax paid?
12. How do I correct an alternate fuel tax report that I previously filed?
13. Am I subject to interest or penalties if I file an incorrect alternate fuel tax report?
14. Who should I notify if the business has a change to its name, address, or ownership or if the business ceases operating in Wisconsin?
15. What records should I keep for Wisconsin tax purposes, and how long should I keep them?

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## 1. **What are the definitions of "alternate fuel", "person", and "licensee"?**

- a. *Alternate fuel* - All combustible gases and liquids, other than motor vehicle fuel or aviation fuel, used for the generation of power to propel a motor vehicle; for example, compressed natural gas (CNG), liquefied natural gas (LNG), and liquefied propane gas (LPG) [sec.

78.39(1), Wis. Stats.].

- b. *Person* - "Person" includes any individual, sole proprietorship, partnership, limited liability company, corporation, or association. A single-owner entity that is disregarded as a separate entity under ch. 71 is disregarded as a separate entity for purposes of this subchapter [sec. 78.39(5f), Wis. Stats.].
- c. *Licensee* - A person who holds an alternate fuel tax license issued by the Wisconsin Department of Revenue.

## 2. What is the Wisconsin tax rate on alternate fuel?

Effective April 1, 2006, the excise tax on CNG is 24.7¢ per gallon and 22.6¢ per gallon for LPG. Effective April 1, 2012 the excise tax rate on LNG is 19.7¢ per gallon.

*Inventory tax* - Currently there is no statutory authority to impose an inventory tax on alternate fuel if the tax rate were to change.

## 3. How is the tax rate calculated for alternate fuels?

The tax rate for alternate fuels (CNG, LNG, and LPG) is determined by dividing the British Thermal Units (BTUs) in one gallon of the alternate fuel by the BTUs in one gallon of gasoline. This ratio is then multiplied by the Wisconsin tax on one gallon of gasoline (currently 30.9¢ per gallon). [sec. 78.40(1), Wis. Stats.].

## 4. Who pays the alternate fuel tax?

The alternate fuel tax is payable by the following persons [secs. 78.47 and 78.49(2), Wis. Stats.]:

- a. Licensed Fuel "users" who make bulk purchases of alternate fuel that they will place into supply tanks of **their own** licensed motor vehicles, snowmobiles, recreational motorboats, or all-terrain vehicles (unless the ATV is registered for private use). Fuel users who make bulk purchases and do not wish to obtain an alternate fuel license from the department may authorize their supplier, via a *Certificate of Authorization for Bulk Alternate Fuel Purchasers (Form MF-207)*, to charge the user the Wisconsin alternate fuel tax which the supplier will then remit to the Department.
- b. Licensed Fuel "dealers" who place alternate fuel into the supply tanks of licensed motor vehicles, snowmobiles, recreational motorboats, or all-terrain vehicles (unless the ATV is registered for private use), owned by others, or owned by others as well as themselves.
- c. Non-licensed persons who use untaxed alternate fuel in a taxable manner. This includes persons that refuel licensed motor vehicles, snowmobiles, recreational motorboats, or all-terrain vehicles (unless the ATV is registered for private use) from personal (home) refueling units where the excise tax has not been paid.
- d. Licensed and non-licensed persons who manufacture alternate fuel (i.e. from landfills, manure digesters) and use the alternate fuel in a taxable manner.

## 5. When is the alternate fuel tax paid?

The alternate fuel tax is paid with a monthly report, Form MF-007 [sec. 78.49, Wis. Stats.].

Persons with a tax liability of less than \$500 per quarter can receive approval from the department to file and pay the alternate fuel tax on a quarterly basis.

*EFT tax payments* - Taxes can be paid to the department by electronic funds transfer (EFT). Information about paying by EFT can be obtained from the [Electronic Funds Transfer page](#) or by calling (608) 264-9918.

## 6. Who must obtain an alternate fuel tax license?

You must obtain an alternate fuel tax license if you will place alternate fuel into the supply tanks of licensed motor vehicles, snowmobiles, motorboats, or all-terrain vehicles (unless the ATV is registered for private use) in Wisconsin [[sec. 78.47, Wis. Stats.](#)].

Persons who want a fuel license must hold a Business Tax Registration (BTR) Certificate [[sec. 73.03\(50\), Wis. Stats.](#)]. The BTR certificate and alternate fuel license are issued by the Excise Tax Unit in Madison, (608) 266-6701. **There is no charge for the fuel license.** However, there is a one-time \$20 charge for the BTR certificate and a \$10 renewable fee every two years. The BTR certificate and alternate fuel license are valid until canceled by the licensee or revoked by the department [[sec. 78.48, Wis. Stats.](#)]. A person need only obtain one BTR certificate regardless of the number of licenses or permits held with the department.

*Security required* - The department may require persons who are responsible for paying the alternate fuel tax to have security (e.g., cash, bond) on file. The amount of security cannot exceed three times a licensee's average monthly liability for alternate fuel tax [[sec. 78.48\(9\), Wis. Stats.](#)].

*Revocation of fuel licenses* - It is very important that licensees file their reports timely and pay any amount owing. Licensees with poor filing and/or payment records may have their licenses revoked by the department.

## 7. How are the alternate fuel tax reports filed?

Alternate fuel tax reports must be filed electronically via *My Tax Account*. Information regarding *My Tax Account* can be found at the [HOME page](#).

The Secretary of Revenue may waive the requirement to file electronically if the Secretary determines that the requirement causes an undue hardship. To request a waiver a person must do all of the following:

- o Submit a written request to: Mandate Waiver Request, Wisconsin Department of Revenue, PO Box 8900, Madison, WI 53708-8900.
- o Clearly indicates why the requirement causes an undue hardship. In determining whether the requirement to file electronically causes an undue hardship, the Secretary of Revenue may consider the following factors:
  1. Unusual circumstances that may prevent the person from filing electronically. Example: The person does not have access to a computer that is connected to the Internet.
  2. Any other factor that the Secretary determines is pertinent.

For questions about requesting a waiver, contact us at (608) 266-6701 or email [DORExciseTaxpayerAssistance@wisconsin.gov](mailto:DORExciseTaxpayerAssistance@wisconsin.gov).

## 8. When are the alternate fuel tax reports due?

All reports are due no later than the last day of the month following the period (month/quarter) covered by the report [sec. 78.49(1)(a), Wis. Stats.]. For example, a report for October is due November 30.

## 9. What are the fees for filing or paying late?

a. Late-filed reports are subject to the following charges:

- Late-filing fee - \$10 [sec. 78.68(2), Wis. Stats.].
- Late-filing penalty - 5% per month, maximum 25% [sec. 78.68(4), Wis. Stats.].

b. Late payments are subject to:

- Delinquent interest - 1.5% per month [sec. 78.68(2), Wis. Stats.].

## 10. Are any fuel sales exempt from the alternate fuel tax?

The alternate fuel tax is not imposed on [sec. 78.40(2), Wis. Stats.]:

- Alternate fuel sold to the United States government or its agencies (e.g., Armed Forces, U.S. Postal Service).
- Alternate fuel sold to common motor carriers for the urban mass transportation of passengers.

## 11. Who may receive a refund of alternate fuel tax paid?

### ○ **Taxicabs**

Wisconsin law provides that persons who use alternate fuel in operating a taxicab to transport passengers may receive a refund of the Wisconsin fuel tax paid [sec. 78.75, Wis. Stats.]. Vehicles used as taxicabs must be designated as "Vehicle has or will be used for public transportation (taxi)" on the motor vehicle registration form (MV-1/MV-11) filed with the Wisconsin Department of Transportation. Refund claims must be filed within one year of the date fuel is purchased, and must cover at least 100 gallons. To obtain a refund, complete and submit a Fuel Tax Refund Claim (Form MF-001).

### ○ **Off-Road Usage of Alternate Fuel**

Wisconsin law provides that alternate fuel is not subject to the Wisconsin alternate fuel tax when it is used for off-road purposes in mobile machinery and equipment [sec. 78.75, Wis. Stats.]. Exceptions: The tax paid on alternate fuel placed in licensed motor vehicles, snowmobiles, motorboats, and all-terrain vehicles (unless the ATV is registered for private use) is not refundable.

Generally when alternate fuel is purchased for off-road use, the alternate fuel tax is not charged. However, if you paid the fuel tax on alternate fuel used for off-road purposes, you may request a refund of the tax paid by filing a Fuel Tax Refund Claim (Form MF-001) with the Department. An electronic form is located at [www.revenue.wi.gov/businesses/motorfuel.html](http://www.revenue.wi.gov/businesses/motorfuel.html). This method normally results in a quicker refund, or, a fill-in form is located at [www.revenue.wi.gov/forms/excise/index-f.html](http://www.revenue.wi.gov/forms/excise/index-f.html). A request filled by this method may take several months before the refund is issued. If filing using the fill-in form, send your request to:

Excise Tax Unit  
Wisconsin Department of Revenue  
PO Box 8900  
Madison, WI 53708-8900

Your request for refund must be received within one year of the date the alternate fuel was purchased, and must be for a minimum of 100 gallons. If you have any questions, contact us at (608) 266-6701 or email [DORExciseTaxpayerAssistance@wisconsin.gov](mailto:DORExciseTaxpayerAssistance@wisconsin.gov).

**12. How do I correct an alternate fuel tax report that I previously filed?**

Alternate fuel tax reports, including amended returns, are required to be filed electronically with the department (see question #7). If you are filing an amended return, you must file a true, corrected and complete return, including all previously reported unchanged transactions. Do not file a return that only reports the changes.

**13. Am I subject to interest or penalties if I file an incorrect alternate fuel tax report?**

Yes, the following interest and discretionary penalties may be applied when an incorrect alternate fuel tax report is filed:

- a. Unpaid taxes bear interest at the rate of 12% per year [[sec. 78.68\(1\), Wis. Stats.](#)].
- b. Refunded taxes bear interest at the rate of 3% per year [[sec. 78.68\(1\), Wis. Stats.](#)].
- c. Negligence penalty of 25% of the tax is imposed if there was negligence in filing a report [[sec. 78.68\(3\), Wis. Stats.](#)].
- d. Fraud penalty of 50% of the tax is imposed if there was intent to defeat or evade the alternate fuel tax [[sec. 78.68\(5\), Wis. Stats.](#)].

**14. Who should I notify if the business has a change to its name, address, or ownership or if the business ceases operating in Wisconsin?**

You must notify the Department of Revenue when your business has any change to its name (legal or business), address (mailing or street), ownership, or when you cease operating in Wisconsin. You can notify the department by letter or attaching a note to your report. If you receive a new Federal Employer Identification Number (FEIN) due to a change in your name or ownership, you must file a new application with the department and update your security. When you cease operations, you must be sure to file a report for the last period of operation even if you were in business only a few days during that period. Contact us at (608) 266-6701 or email [DORExciseTaxpayerAssistance@wisconsin.gov](mailto:DORExciseTaxpayerAssistance@wisconsin.gov) if you have any questions about your alternate fuel tax license.

**15. What records should I keep for Wisconsin tax purposes, and how long should I keep them?**

Keep a complete copy of your alternate fuel tax reports and all records pertaining to your business for a minimum of four (4) years to support how you computed your tax liability [secs. [78.66](#) and [78.70\(Z\)](#), Wis. Stats.]. The required records include, but are not limited to, your purchases, receipts, inventories, sales (whether taxable or exempt), distribution, and consumption of

products. Your records must be kept in a place and manner easily accessible for review by Department representatives. When records are not maintained, the Department presumes that all products you purchased or received are subject to tax without benefit of any deductions.

Wisconsin Department of Transportation:

Interstate motor carriers must file quarterly interstate fuel tax reports with the Department of Transportation, reporting miles driven in Wisconsin, and fuel purchased in Wisconsin. Wisconsin is a member of the International Fuel Tax Agreement (IFTA). Mileage, fuel use, and fuel purchase information for other IFTA jurisdictions is also reported through the Department of Transportation. Information and application forms can be obtained from:

WISCONSIN DEPARTMENT OF TRANSPORTATION

Motor Carrier Services

P.O. Box 7979

Madison WI 53707-7979

Phone: (608) 266-9900

Email: [irp-ifta@dot.wi.gov](mailto:irp-ifta@dot.wi.gov)

## Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations in effect as of February 13, 2020: Sections 73.03, 78.005, 78.01, 78.015, 78.39, 78.40, 78.405, 78.407, 78.47, 78.48, 78.49, 78.50, 78.66, 78.68, 78.70 and 78.75, Wis. Stats., and secs. Tax 4.001, 4.53 and 4.54, Wis. Adm. Code.

Laws enacted and in effect after February 13, 2020, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to February 13, 2020, that is contrary to the information in this document is superseded by this document, pursuant to sec. 73.16(2) (a), Wis. Stats.

### FOR QUESTIONS OR COMMENTS CONTACT:

WISCONSIN DEPARTMENT OF REVENUE

Excise Tax Unit

PO Box 8900

Madison, WI 53708-8900

Phone: (608) 266-6701

Fax: (608) 261-7049

Email additional questions to [DORExciseTaxpayerAssistance@wisconsin.gov](mailto:DORExciseTaxpayerAssistance@wisconsin.gov)

Guidance Document Certification: <https://www.revenue.wi.gov/Pages/Certification-Statement.aspx>

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February 13, 2020

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