

Gasoline Sales to Farmers

Petroleum Fact Sheet 100

Gasoline (does not include alternative fuels) 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 following requirements must be met:

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

Claiming the Credit

Licensed distributors may claim the credits based on the current tax filing requirements.

Unlicensed distributors report tax-free gasoline sales on Form PDR-1, *Minnesota Motor Fuel Claim for Refund*.

Due Date

Claims must be filed within one year from the date of purchase. The postmark date is considered the filing date. Each claim must cover only one month.

Record Keeping

You must obtain a sales ticket/invoice for each purchase made during the claim period, regardless of amount. Do not send receipts with your claim.

The name and address of the dealer must be machine-printed or rubber-stamped on each sales ticket/invoice. Also, each sales ticket/invoice must be machine-numbered and show the name of the purchaser, date of sale, number of gallons, type of product, price per gallon and amount of tax.

Keep accurate records of all your sales tickets/invoices for at least 3½ years. Documentation must be made available to the department upon request.

Common Misconception About Gasoline Purchased for Off-Highway Use

A common misconception is that if the gasoline is used for off-highway use or in a nonlicensed piece of equipment, the gasoline may be sold tax free. This is not always the case. For example, the gasoline used in a tractor that is not used on a farm is not a tax-free sale.

Also, gasoline sold to the following businesses do not qualify for tax-free sales from distributors:

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

While gasoline cannot 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.