

Compressed Natural Gas Tax Return for Dealers

Notice #13-02

Petroleum Products and Alternative
Fuels Tax

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**Highlights**

- *Dealers selling CNG through metered dispensers must obtain permits and collect tax*
- *Dealers must file return and report amount of fuel sold in a month by 25th of following month*
- *Users of CNG are not required to obtain users' permits if they purchase from a dealer using a metered dispenser*

INTRODUCTION

Public Chapter 822 (2012) amended Tenn. Code Ann. Title 67, Chapter 3, Part 11, as it relates to the procedure for collecting and remitting the tax due on compressed natural gas sold from metered dispensers for use in licensed vehicles. This notice is intended to provide taxpayers and the general public with information concerning these requirements and the options for the users of compressed natural gas.

DISCUSSION

Dealers of compressed natural gas are now liable for collecting and remitting tax if they deliver compressed natural gas directly into a vehicle through a dispenser that measures the amount of compressed natural gas, i.e., a metered dispenser. Dealers must obtain a permit and collect the tax when the gas is dispensed to a vehicle. Dealers must then file a monthly dealer's compressed natural gas tax return with the Department of Revenue reporting the amount of fuel delivered by the dealer into the customer's vehicle by means of the metered gas dispenser. The return is due on the 25th day of the month following the month of activity (dispensing gas), whether or not the fuel is used or sold. Dealers must also keep a complete record of all metered compressed natural gas received and used or sold for 4 years.

To obtain the compressed natural gas dealer permit, dealers must file an application for registration for motor fuel taxes with the Department of Revenue. The application must be accompanied by a bond.

COMPRESSED NATURAL GAS USER OPTIONS

Users of compressed natural gas are required to obtain a compressed natural gas user's permit, and file returns, if they purchase compressed natural gas, to be placed into vehicles, from a dealer selling compressed natural gas other than through a metered dispenser. For example, users of compressed natural gas purchasing the gas in bottles or other containers would be required to have a user's permit and file a natural gas user's tax return.

A user permit is not required when a user purchases compressed natural gas from a natural gas dealer as described in the prior section. Specifically, if a user purchases compressed natural gas from a dealer using a metered dispenser, then the user is not required to become permitted or to file a compressed natural gas user's tax return.

The dealer's compressed natural gas tax return, the user's compressed natural gas tax return, and the application for registration for motor fuel taxes are available on the Department's website at www.Tennessee.gov/revenue.

**References:**

- T.C.A. § 67-3-1101(2)
- T.C.A. § 67-3-1110
- T.C.A. § 67-3-1113
- T.C.A. § 67-3-1114(a)
- T.C.A. § 67-3-1119
- T.C.A. § 67-3-1120

The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.