



# Petroleum Products and Alternative Fuels Tax Notice

Notice #18-12

September 2018

## Methanol Tax Exemption

### **Methanol Is Exempt from Gasoline and Diesel Taxes**

Effective May 15, 2018, Public Chapter 924 exempts methanol from gasoline and diesel taxes, unless it contains or is blended with gasoline, diesel fuel, or other fuels or petroleum products.

However, methanol is still subject to the special tax and environmental assurance fee. Anyone who produces methanol for resale in Tennessee or who imports methanol into the state is required to obtain a bonded importer's license, file a monthly distributor's tax return, and pay the \$0.01 special tax and the \$0.004 environmental assurance fee to the state.

### **Blending Methanol with Other Petroleum Products Is Taxable**

People who, outside the terminal system, blend methanol with gasoline, diesel fuel, or other petroleum products on which the gasoline or diesel tax has not yet been paid, are required to have a blender's license and remit the appropriate tax on the volume of methanol blended.

### **Methanol Is Also Exempt from Sales and Use Taxes**

Public Chapter 924 also exempts unblended methanol from sales and use taxes.

### **For More Information**

Visit [www.tn.gov/revenue](http://www.tn.gov/revenue). Click on Revenue Help to search for answers or to submit an information request to one of our agents.

### **References**

Tenn. Code Ann. § 67-3-201; Tenn. Code Ann. § 67-3-202; Tenn. Code Ann. § 67-3-203; Tenn. Code Ann. § 67-3-204; Public Chapter 924 (2018)