



Department of
Revenue

Motor Fuel Tax Manual

August 2025

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Tennessee Motor Fuel Taxes

Intent of Law

The Department of Revenue (the “Department”) is responsible for collecting several motor fuel taxes and fees that are levied in Tennessee, pursuant to the legislature’s intent to “[e]stablish an efficient and effective motor fuel tax collection and enforcement system adequate to substantially deter motor fuel tax evasion emanating from sources inside and outside this state.”¹

Responsibilities of Motor Fuel Tax Unit

The Department has a highly specialized unit that administers the Tennessee motor fuel taxes. The Motor Fuel Tax Unit of the Audit Division is responsible for all facets of motor fuel taxes. Some of their responsibilities include:

- Interpreting and administering the “Petroleum Products and Alternative Fuels Tax Laws” found in Tenn. Code Ann. §§ 67-3-101 *et seq.*
- Responding to taxpayer inquiries (correspondence, emails, and phone calls) regarding the interpretation of motor fuel tax laws, the status of refunds, and the results of audits performed.
- Performing audits of motor fuel tax returns and reviewing motor fuel tax refund claims to determine the proper tax liability and accurate amount of tax to be refunded.
- Presenting findings or adjustments to the taxpayer and/or their representatives at the conclusion of audits or refund claim reviews.
- Registering motor fuel taxpayers by processing, reviewing, and approving motor fuel tax registration applications and accompanying bond forms.
- Performing periodic bond reviews to ensure adequate coverage.
- Utilizing the Department’s computer system to produce audit discrepancies, select potential audit candidates, and identify non-filers.
- Answer taxpayer inquiries regarding filing procedures and processes.

Motor Fuel Taxes

There are eight different motor fuel taxes and fees collected by the Department. These include:

- Gasoline Tax
- Diesel Tax
- Special Tax
- Environmental Assurance Fee
- Liquefied Gas Tax
- Compressed Natural Gas Tax
- Export Tax
- Hydrogen Tax

1. Gasoline Tax

The gasoline tax is a privilege tax of twenty-six cents (\$0.26) per gallon and is imposed on all gasoline, fuel alcohol, and substitutes. For gasoline imports, the tax is levied when the product first comes to rest in the state. The tax is also imposed on all gasoline that is refined or produced in this state, and thereafter sold, stored, or distributed in this state, subject to exemptions found in the next section of this manual.²

2. Diesel Tax

The diesel tax is a use tax of twenty-seven cents (\$0.27) per gallon and is imposed on all diesel fuel and all fuel other than gasoline that is suitable for use in a diesel-powered vehicle or that is used or consumed in this state to produce power for propelling motor vehicles. This tax is levied when the product crosses the terminal rack.³ For imports, it is levied when the product is delivered into storage in this state, other than tax free storage, subject to exemptions found in the next section of this manual.⁴

Note that the tax on dyed diesel fuel that is used by commercial carriers to produce power for a means of transportation, as defined in the Transportation Fuel Equity Act,⁵ is seventeen cents (\$0.17) per gallon.⁶

3. Special Privilege Tax

A special privilege tax of one cent (\$0.01) per gallon is imposed on all petroleum products,⁷ subject to exemptions provided in the next section of this manual.⁸

4. Environmental Assurance Fee

The Environmental Assurance Fee of four-tenths of one cent (\$0.004) is imposed on all petroleum products, subject to exemptions found in the next section of this manual.⁹

5. Liquefied Gas Tax

A use tax is imposed on liquefied petroleum gas that is used for the propulsion of a motor vehicle on public highways. A diesel gallon equivalent factor of six and six one-hundredths pounds (6.06 lbs.) per gallon is used to determine the tax on liquefied petroleum gas.¹⁰

The tax rate is twenty-two cents (\$0.22) per gallon.

6. Compressed Natural Gas Tax

A use tax is imposed on compressed natural gas that is used for the propulsion of a motor vehicle on public highways. A gallon equivalent factor of five and sixty-six one-hundredths pounds (5.66 lbs.) per gallon is used to determine the tax on compressed natural gas.¹¹

The tax rate is twenty-one cents (\$0.21) per gallon.

7. Export Tax

An export tax of one-twentieth of one cent (\$0.0005) is levied upon all of the petroleum products subject to the special privilege tax which are stored in this state or have come to rest after import and are subsequently exported to points outside of this state.¹²

8. Hydrogen Fuel Tax

Effective January 1, 2025, Public Chapter 859 (2024) amended the definition of “alternative fuel” to include hydrogen fuel used to power a fuel cell, which subjects such hydrogen fuel to

a use tax at the rate of twenty-one cents (\$0.21) per gallon. A gallon equivalent factor of five and sixty-six one-hundredths pounds (5.66 lbs.) per gallon shall be used.¹³

Exemptions

There are several exemptions from the motor fuel taxes that may be requested upon payment of the tax.

1. Governmental Agency Exemption

Any government agency that holds an active exemption permit issued by the Department is exempt from taxes or fees imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206. The exemption permit entitles a governmental agency to purchase petroleum products tax exempt for a period of four years from the date of issuance. The permittee must renew their permit every four years.¹⁴

Government agencies are also exempt from the tax on liquefied natural gas, compressed natural gas, and hydrogen fuel.¹⁵

2. Consumer Imports Exemption

Motor fuel acquired by an end user out of state and carried into the state in a vehicle supply tank and consumed from the same tank is exempt from taxes or fees imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206.¹⁶

3. Industrial Chemicals and Solvents Exemption

Industrial chemicals or solvents that are classified as volatile substances are not subject to the taxes or fees imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206 when these industrial chemicals or solvents are neither intended for use nor used as fuels.¹⁷

4. Export Exemption

All bulk exports of petroleum products and exports of petroleum products within the vehicle fuel supply tanks of locomotives and airplanes are exempt from nineteen-twentieths (19/20) of the special privilege tax and from all other taxes and fees imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206.¹⁸

5. Supplier's Export Exemption

Taxable petroleum products are exempt from the taxes imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206, with the exception of the export tax defined in Tenn. Code Ann. § 67-3-205, when exported by a supplier or sold by a supplier to a licensed exporter for immediate export to a state where the destination state motor fuel tax has been paid to the supplier.¹⁹

6. Kerosene Exemption

Kerosene is exempt from the diesel tax imposed under Tenn. Code Ann. § 67-3-202 when sold or used for purposes other than in a motor vehicle or in equipment operated on the public highways of this state.²⁰

7. Aviation Fuel Exemption

Aviation fuel is exempt from the gasoline and diesel taxes imposed in Tenn. Code Ann. §§ 67-3-201 and 67-3-202, respectively, provided that the buyer must be registered to purchase jet fuel subject to federal taxes applicable to jet fuel, and the vendor must obtain certification of such fact satisfactory to the Department prior to making the sale.²¹

8. Refinery Exemptions

Refineries are exempt from all the taxes and fees imposed in Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206 in the following circumstances:

- Upon product going into a petroleum refinery for the purpose of being refined, further refined, or processed.
- Upon products while being refined, further refined, processed, or stored at a petroleum refinery. This exemption applies to all petroleum activities, exchanges, and transactions customarily performed by a refinery. However, this exemption does not apply to the storage of petroleum or petroleum products for others, whether by lease or otherwise.
- Upon products while being transported from a refinery in this state to another refinery in this state.
- Upon any products while being transported from a refinery inside this state to a place outside of this state, excluding commercial marine vessels.

All refinery exemptions granted to petroleum refineries also apply to refiners or manufacturers of fuel alcohol who have a refinery or manufacturing facility in Tennessee.

Where gasoline is exchanged or sold within the bulk transfer/terminal system²² between refiners who hold a bonded importer's license, the first transferee, after the gasoline is imported into this state, shall be primarily liable for the taxes and fees. With respect to a refinery, gasoline may be exchanged or sold tax free by a refinery within refinery-held storage. The transferee shall be liable for the taxes and fees on gasoline that crosses the terminal rack; provided, the refinery is responsible for the taxes and fees on gasoline that crosses the terminal rack that is not otherwise exchanged or sold within the refinery.²³

9. Exemption for Methanol Sold for Use in Highway or Nonhighway Vehicles

Methanol sold for use in highway or nonhighway vehicles that is not composed of or blended with gasoline, diesel fuel, or other fuel or petroleum products is exempt from the gasoline tax and diesel tax imposed by Tenn. Code Ann. §§ 67-3-201 and 67-3-202, respectively.²⁴

Refunds

There are a number of refunds that may be requested upon payment of the tax. All refund claims can be processed using the [Tennessee Taxpayer Access Point](#) (TNTAP).

General motor fuel tax refund claim procedures are set forth in Tenn. Code Ann. § 67-3-421. Generally, refund claims must be filed within three years of the date the taxable products were purchased by the taxpayer. **However, several types of motor fuel refund claims have unique filing requirements and must be filed within specified time periods that differ from this general rule.**

1. Refunds on Exports by Licensed Exporter

A licensed exporter is entitled to a refund of the taxes imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206, with the exception of the export tax imposed by Tenn. Code Ann. § 67-3-205, where paid product is placed in storage in the state and subsequently exported or where products were exported in a diversion across state lines in accordance with Tenn. Code Ann. § 67-3-804.²⁵

The taxpayer may request a refund by filing the [Exporter Tax Return and Claim for Refund](#).

2. Refunds on Exports by Unlicensed Exporter

An unlicensed exporter is entitled to a refund of the taxes imposed under Tenn. Code Ann. § 67-3-201 through Tenn. Code Ann. § 67-3-206, with the exception of the export tax imposed by Tenn. Code Ann. § 67-3-205, where the product was acquired by an unlicensed exporter and exported by transport truck or tank wagon by or on behalf of such exporter.²⁶

The taxpayer may request a refund by filing the [Unlicensed Exporter Claim for Refund of Motor Fuels](#).

3. Agricultural Use Refunds – Gasoline

Anyone who uses taxable gasoline for agricultural purposes is entitled to a refund of all the gasoline tax paid except for one cent (\$0.01) per gallon. The taxpayer may request a refund by filing the [Agricultural Purposes Claim for Refund](#).

Claims for refund of gasoline tax used for agricultural purposes may be filed either annually or semi-annually. Annual claims for the previous calendar year may be filed between January 1 – April 15 of the following year. Semi-annual claims may be filed during the following periods:

- Claim period of January through June: the claim may be filed July 1 – October 15 of that same year; or
- Claim period of July through December: the claim may be filed January 1 – April 15 of the following year.

Refund claims may only be submitted for gasoline purchases consisting of 50 gallons or more per purchase. The minimum refund payable for any one claim period is \$25.00.²⁷

4. Refunds – Exports

A claim for refund may be filed for petroleum products exported to points outside the state. This claim must be filed within three years from December 31 of the year in which the export activity occurred. The taxpayer is entitled to recover all taxes and fees except the export tax imposed by Tenn. Code Ann. § 67-3-205. Instead of filing a refund claim, bonded importers and suppliers may take a credit on the [Distributor Monthly Fuel Tax Return](#). The bonded importer or supplier may take credit for a sale to a licensed exporter where that customer is charged the destination state's tax.

For diesel fuel that is exported in vehicle fuel supply tanks of diesel locomotives or marine tows, where such fuel is consumed in such locomotives or marine tows outside the state, the

user may request a refund of the special tax imposed by Tenn. Code Ann. § 67-3-203, less the export tax imposed by Tenn. Code Ann. § 67-3-205 and the environmental assurance fee imposed by Tenn. Code Ann. § 67-3-204. A refund claim must be filed within 90 days of the last day of the month in which the export was made (credit must be claimed on the Distributor Return within the same 90-day period, if a credit is being requested in lieu of filing a refund claim).

For aviation gasoline and jet fuel that is exported in the fuel supply tanks of airplanes owned or leased by a commercial air carrier for consumption in such airplanes outside the state, the user may apply for a refund of the special tax, less the export tax and the environmental assurance fee. A refund claim must be filed within 90 days of the last day of the month in which the export was made.²⁸

5. Refunds – Governmental – Refund Claim Filing by Vendor

A licensed wholesaler who has paid the taxes due under Tenn. Code Ann. § 67-3-201 through § 67-3-204 may apply for a refund of these taxes if the products are sold to a governmental agency holding an exemption permit issued by the Commissioner. The taxpayer may request a refund by filing the [Governmental Sales Claim for Refund](#). In lieu of filing a refund claim, a licensed supplier or importer may claim a credit on the [Distributor Monthly Fuel Tax Return](#). For sales of petroleum products made to governmental agencies from retail stations, the licensed wholesaler, supplier or importer may apply for refund or claim a credit on behalf of a retail vendor.

The claim for refund or credit must be submitted to the Department on or before the last day of the second month following the month in which the exempt sales were made. The claim for refund or credit must include all exempt government sales for the month in which a refund or credit is due. One omnibus claim may be filed after January 1 and before July 1 for any exempt sales made during the previous calendar year for which a claim has not been made.²⁹

6. Refunds – Auxiliary Engines

Anyone using gasoline or undyed diesel fuel for truck refrigeration or cement mixing, where the gasoline or undyed diesel is delivered into a fuel tank that supplies a separate motor used exclusively for truck refrigeration or cement mixing is entitled to a refund of the gasoline and diesel tax except for one cent (\$0.01) per gallon.

Anyone using gasoline or undyed diesel for the generation of power to operate a mobile self-propelled rock drill; a motor vehicle and an auxiliary unit used for concrete mixing; for

boom, pneumatic, or pump unloading is entitled to a refund or a reduction of the gasoline or diesel taxes according to the following formula:

- For concrete mixers and concrete pumpers, 40% of the tax
- For pneumatic unloaders, 10% of the tax
- For boom unloaders, 10% of the tax
- For pump unloaders, the tax on two and one-half (2.5) gallons for each unloading where the pump is used
- For mobile self-propelled rock drills, 90% of the tax.

The taxpayer may request a refund by filing the [Specialized Equipment Claim for Refund](#). Refund claims must be filed semiannually, within 90 days of the end of the January-June and July-December semiannual periods in which the fuel was used. The minimum refund payable per refund claim is \$50.00.³⁰

7. Refunds – Contaminated Fuels

Where taxable diesel fuel has been accidentally contaminated by dye, the owner of the product may file a claim for refund of the diesel tax paid on the undyed fuel.³¹ The taxpayer may request a refund by filing the [Wholesaler Claim for Refund of Motor Fuel Taxes](#).

8. Refunds – Casualty Losses

A refund of the gasoline and diesel taxes may be claimed for the loss of gallons due to fire, flood, storm, theft, or other causes over which the vendor has no control. The taxpayer may request a refund by filing the [Wholesaler Claim for Refund of Motor Fuel Taxes](#).

For losses of over 1,000 gallons, the taxpayer must report the loss to the Commissioner within three business days of the date of the loss.

The claim for refund for any loss must be filed within 60 days of the time of the loss and must include a written statement explaining the occurrence of the loss. Negligence or any unlawful act, such as overloading a transport vehicle, excessive speed, or other like act by a vendor or such vendor's agent, which contributes to a loss, will invalidate the claim.³²

9. Refunds – Fabricating User

A refund of the special privilege tax imposed by Tenn. Code Ann. § 67-3-203 may be claimed for the tax paid on petroleum products that are used directly in fabricating or processing tangible personal property for resale. The taxpayer may request a refund by filing the [Fabricating User Claim for Refund](#).

The claim for refund must be filed within 30 days following the month for which the refund is to be made, and only one claim can be filed per month. No refund will be allowed for tax paid on petroleum products used for space heating, illumination, or the operation of internal combustion engines.³³

10. Refunds – End User – Off Highway Use

When an end user uses taxable, undyed diesel fuel as heating oil or for other non-highway purposes (other than those expressly exempted under another provision), the end user may apply for a refund of the diesel tax. The taxpayer may request a refund by filing the [End User Claim for Refund](#).

The refund claim may be filed at the end of each calendar quarter but no later than one year from the date of last purchase represented in the claim. The minimum amount of a claim is \$250.00. If the minimum claim amount is not met in one quarter, it can be carried over to and used in subsequent quarters, but not to exceed two years.³⁴

Note that sales and use tax is due on undyed diesel fuel for which an end user receives a refund of the diesel tax,³⁵ unless a sales and use tax exemption applies to the end user. The sales tax computation is included in the refund claim form and reduces the diesel tax refund due the taxpayer.

11. Refunds – Wholesaler Sales to Limited Users and Prepaid Users

A licensed wholesaler who sells tax-paid diesel to a limited user³⁶ or prepaid user³⁷ is entitled to a refund of the diesel tax. The taxpayer may request a refund by filing the [Wholesaler Claim for Refund of Motor Fuel Taxes](#).

The taxpayer may file one refund claim each month. Refund claims must be filed within three years of the date the taxable products were purchased by the taxpayer.³⁸

12. Refunds – Manufacturers of Pre-Mixed Engine Fuel

Any manufacturer who uses gasoline in the manufacture of a pre-mixed engine fuel containing gasoline and oil, sold in containers of one gallon or less and produced for use in two-cycle engines and not for use in the propulsion of an aircraft, vessel or other vehicle, is entitled to a refund of the gasoline tax except for one cent (\$0.01) per gallon.

A refund claim may be filed at the end of each calendar quarter but no later than one year from the date of the last purchase represented in the claim. The minimum amount of a claim is \$250.00. If the minimum claim amount is not met in one quarter, it can be carried over to and used in subsequent quarters, but not to exceed two years.³⁹

Licenses and Bonding Requirements

You may be required to obtain a license before beginning operations in this state. Certain persons who deal in, transport, and/or use petroleum products and/or alternative fuels in this state must obtain the appropriate license or permit. In addition, persons seeking to obtain a license or permit will generally be required to provide to the Department a bond in the proper amount payable to the state of Tennessee to secure the payment of all taxes, interest, and fees arising under the motor fuel tax law.⁴⁰

The Department maintains a Petroleum Licensee List, which is updated daily and can be accessed through the [Tennessee Taxpayer Access Point](#) (TNTAP). The list is accessible by persons who have a motor fuel tax account in TNTAP. On the summary page in TNTAP, next to the motor fuel tax accounts, is a Petroleum Licensee List option. The list can be viewed online or downloaded.

The Department issues the following licenses and permits for the motor fuel industry:

1. Blender License

A blender's license is required by anyone that blends untaxed product with taxed product outside of the bulk transfer/terminal system.⁴¹

2. Importer License

A person importing taxable petroleum products into this state from outside this state must first obtain an importer's license. There are two types of importer's licenses.

Bonded Importer

Anyone importing taxable petroleum products from another state that does not have a restricted importer's license must obtain a bonded importer's license.⁴²

Restricted Importer

Must purchase product from someone that holds a permissive supplier's license and declare the states from which they are importing.⁴³

3. Compressed Natural Gas and Hydrogen Gas Permit

Dealers

A dealer of compressed natural gas or hydrogen gas must obtain a dealer's permit if they sell compressed natural gas or hydrogen gas through a qualified natural gas dispenser.⁴⁴

Users

Any person operating a compressed natural gas or hydrogen gas propelled motor vehicle must obtain a user's permit unless the user purchases from a licensed compressed natural gas or hydrogen gas dealer by means of a qualified natural gas dispenser.⁴⁵

4. Dyed Diesel Fuel Retailer License

Anyone, other than a licensed wholesaler, who sells dyed diesel fuel at retail must obtain a dyed diesel fuel at retail license.⁴⁶

5. Exporter License

Anyone, other than a licensed supplier or a licensed bonded importer, who exports petroleum products to another state must obtain an exporter's license.⁴⁷

6. Liquefied Petroleum Gas Permit

Dealers

An operator of a retail station who delivers liquefied gas into the fuel supply tank of a motor vehicle is required to obtain liquefied petroleum gas dealer permit.⁴⁸

Users

Any person operating a liquefied petroleum gas propelled motor vehicle must obtain a user's permit unless they are purchasing the product with tax paid.⁴⁹

7. Permissive Supplier License

To qualify as a permissive supplier, a person must be registered with the Internal Revenue Service and have received a Letter of Registration indicating approval for Activity Letter "S" (Form 637), be a position holder in a terminal located outside of Tennessee, and pre-collect the Tennessee taxes on any product sold with a destination of Tennessee.⁵⁰

8. Supplier License

To qualify as a supplier, a person must be registered with the Internal Revenue Service and have received a Letter of Registration indicating approval for Activity Letter "S" (Form 637) and be a position holder in a terminal located in Tennessee.⁵¹

9. Terminal Operator License

Any person that operates a terminal in this state must obtain a terminal operator's license.⁵²

10. Transporter License

Generally, persons engaged in transporting petroleum products for hire must obtain a transporter's license. This applies to persons who are not licensed as a supplier, exporter, or importer and who transport petroleum products by whatever manner from a point outside this state to a point inside this state, from a point inside this state to a point outside this state, or from a refinery in this state, if the person is engaged for hire.⁵³

Note, however, that if a carrier is only making deliveries in this state and they are not picking up product at an in-state refinery, they would not need a transporter's license.

11. Wholesaler License

Any person engaged in the business of a wholesaler, who is not a licensed supplier or bonded importer, must obtain a wholesaler's license.⁵⁴

12. Fuel Alcohol Producer Permit

Anyone who produces fuel alcohol must obtain a fuel alcohol producer's permit.⁵⁵

13. Governmental Agency Exemption Permit

Each governmental agency making purchases of petroleum products must obtain a governmental agency exemption permit.⁵⁶

14. Limited User Permit (Not Currently Issued)

A limited user permit allowed the permit holder to purchase undyed diesel tax free. As of January 1, 1998, limited user permits are no longer issued.⁵⁷

15. Prepaid User Permit (Not Currently Issued)

A prepaid user permit allowed the permit holder to purchase undyed diesel tax free. As of January 1, 1998, prepaid user permits are no longer issued. However, uncanceled prepaid user permits issued on or before December 31, 1997, may be gifted or transferred by will to certain family members.⁵⁸

Tax Forms

1. Distributor Monthly Fuel Tax Return

This monthly [return](#) is filed by licensed suppliers, permissive suppliers, and bonded importers to determine the amount of taxes and fees due on motor fuel imported, sold, refined, or used in Tennessee. It is due the 20th day of the month following the month of activity. It is required to be filed electronically and any payment due must be made by electronic funds transfer.⁵⁹

2. Exporter Tax Return & Claim for Refund

This monthly [return](#) is filed by licensed exporters to report exports of petroleum products from Tennessee. It is due the 20th day of the month following the month of activity. It is required to be filed electronically and any payment due must be made by electronic funds transfer.⁶⁰

3. Blender's Return

This monthly [return](#) is filed by blenders to report any untaxed product that has been blended with taxed product and to pay the applicable taxes. It is due the 20th day of the month following the month of activity. It is required to be filed electronically and any payment due must be made by electronic funds transfer.⁶¹

4. Petroleum Products Terminal Return

This monthly [return](#) is filed by each terminal operator. It is used to report receipts at the terminal and disbursements from the terminal. No taxes are due with this return. It is an informational report. It is due on the last day of the month following the month of activity. It is required to be filed electronically.⁶²

5. Annual Terminal Return

Each terminal operator files this [return](#) to determine if diesel tax is due on any unaccounted-for gallons that exceed the loss allowance factor. This is a calendar year return and is due on February 25 of the following year. It is required to be filed electronically and any payment due must be made by electronic funds transfer.⁶³

6. Petroleum Products Transporter Return

This monthly [return](#) is filed by licensed transporters. It is used to report shipments of petroleum products that have been transported. No taxes are due with this return. It is an informational report. This return is due on the 25th day of the month following the month of activity. It is required to be filed electronically.⁶⁴

7. Transportation Fuel Equity Return

This [return](#) is used to report and pay the diesel tax on dyed diesel that is used by a commercial carrier to produce power for a means of transportation. This return is due the 20th day of the month following the close of each calendar quarter.⁶⁵

8. Motor Fuels Floorstock Tax Return

In the event of an increase in the gasoline tax, diesel tax, special privilege tax, or environmental assurance fee rates, this [return](#) is used to report and pay the floorstock tax on previously taxed fuel held in inventory. Inventory held at a retail station is not subject to

the floorstock tax. The floorstock tax is due within 25 days of the end of the month in which the rate increase becomes effective.⁶⁶

9. Liquefied Petroleum Gas Tax Returns

Dealer's Return

A holder of a liquefied petroleum gas dealer permit is required to file a quarterly [report](#) and remit the tax on or before the 25th day of the month following the end of each calendar quarter.⁶⁷

User's Return

A user of liquefied gas operating a vehicle used for commercial purposes is required to file an annual [report](#) and remit the tax on or before July 25th for the previous year ending June 30th.⁶⁸

10. Compressed Natural Gas and Hydrogen Gas Tax Returns

Dealer's Return

A dealer who delivers compressed natural gas or hydrogen gas into a vehicle is required to obtain a dealer's permit and to file a monthly [return](#) and remit the taxes on or before the 25th day of the month following the month of activity.⁶⁹

User's Return

A user of compressed natural gas or hydrogen gas is required to obtain a user's permit and to file a monthly [return](#) and remit the taxes on or before the 25th day of the month following the month of activity.⁷⁰

Summary of Filing Methods

There are several methods available for filing various types of motor fuel tax returns and refund claims. Note that certain tax returns, as indicated below, must be filed electronically. Tax returns that are required to be filed electronically can be filed by uploading an XML (Extensible Markup Language) file, by completing and uploading an Excel template, or by entering the information directly on the [Tennessee Taxpayer Access Point](#) (TNTAP).

The Department has developed Excel templates that may be used for electronic filing purposes. The templates can be accessed [HERE](#).

The following table summarizes all the available filing methods for the various types of motor fuel tax returns and refund claims:

Return or Refund Claim	XML File Upload	Excel Template	Enter on TNTAP	Paper
Distributor Monthly Fuel Tax Return	X	X	X	
Exporter Tax Return & Claim for Refund	X	X	X	
Blender's Return	X	X	X	
Petroleum Products Terminal Return	X	X	X	
Annual Terminal Return	X	X	X	
Petroleum Products Transporter Return	X	X	X	
Transportation Fuel Equity Return		X	X	X
Liquefied Petroleum Gas Tax Return - Dealer			X	X
Liquefied Petroleum Gas Tax Return - User		X	X	X
Compressed Natural Gas & Hydrogen Gas Tax Return - Dealer			X	X
Compressed Natural Gas & Hydrogen Gas Tax Return - User		X	X	X
Agricultural Purposes Claim for Refund			X	X
End User Claim for Refund		X	X	X
Fabricating User Claim for Refund				X
Governmental Sales Claim for Refund	X	X	X	X
Specialized Equipment Claim for Refund		X	X	X
Unlicensed Exporter Claim for Refund			X	X
Wholesaler Claim for Refund			X	X

Reporting Diversions of Petroleum Product Shipments

A diversion occurs whenever a shipment or partial shipment of petroleum products is diverted from the destination stated on the original shipping paper. Before any diversion, the shipper, the transporter, or an agent of either, must notify the Department or its designee and manually add the assigned verification number to the shipping paper. Whoever owns the product being diverted is responsible for paying the tax or obtaining a refund, according to state law.⁷¹

Diversions of petroleum product shipments should be reported using the [Fueltrac online diversion registration system](#). Registration of the diversion through this online platform satisfies the Department's notification requirement.

The Department may assess a civil penalty for each diverted shipment violation in an amount equal to the taxes and fees on the product, without regard to any exemption or dye, or \$1,000, whichever is greater. No civil penalty will be assessed in cases where prior notification was not given due to an error, other than negligence, if within three working days the shipper, transporter, or the agent of either, notifies the Department about the diversion and error.⁷²

Used Oil Collection Act

The General Assembly enacted the Used Oil Collection Act of 1993 (the "Act") to reduce the amount of improperly disposed used oil by providing incentives to increase the number of public collection facilities for used oil. To help alleviate the costs associated with these collection facilities, the Act levies on every distributor of automotive oil a two cent (\$0.02) per quart fee on the sale of automotive oil to fund the used oil collection fund.⁷³

The fee only applies to sales of automotive oil in packaged form. The use of automotive oil by a distributor constitutes a sale for the purposes of this fee unless that use is exempted under other provisions. The fee is due only once on any given quantity of automotive oil.⁷⁴

There is no package limitation on the imposition of the fee. For example, if automotive oil is sold in a 55-gallon drum, that constitutes the sale of automotive oil in packaged form and would be subject to the fee (55 gallons = 220 quarts. $220 \times .02 = \$4.40$ fee).

Questions regarding the Used Oil Collection Act, including registering and filing Motor Oil Fee Returns, should be directed to the Department's Taxpayer Services Division. Contact information and additional resources can be found on the Department's [website](#).

¹ Tenn. Code Ann. § 67-3-102(1).

² Tenn. Code Ann. §§ 67-3-201, 67-3-301.

³ “Terminal” means a storage and distribution facility for taxable motor fuel, supplied by pipeline or marine vessel, that is registered as a qualified terminal by the Internal Revenue Service. “Rack” means a mechanism for delivering motor fuel from a refinery, terminal, or bulk plant into a railroad tank car, a transport truck or another means of bulk transfer outside of the bulk transfer/terminal system. Tenn. Code Ann. § 67-3-103.

⁴ Tenn. Code Ann. §§ 67-3-202, 67-3-302.

⁵ Tenn. Code Ann. §§ 67-3-1401 *et seq.*

⁶ Tenn. Code Ann. § 67-3-202(c).

⁷ “Petroleum products” means all benzol, gasoline, burning oil, distillate, fuel oil, gas oil, kerosene, naphtha, or any other volatile substance, excluding propane, reflecting a gravity of sixteen degrees (16°) or above on the American Petroleum Institute (API) scale; with the exception of those substances with a kinematic viscosity greater than seventy (70) centistokes at one hundred twenty-two degrees Fahrenheit (122°F) and a flash point greater than one hundred fifty degrees Fahrenheit (150°F); produced from petroleum, natural gas, oil shale or coal, by whatever trade name known, or substitutes therefor, including fuel alcohol, sold or used or stored in this state, separately or in combination, for any purpose whatever, by any user or storer, whether or not manufactured in this state.

⁸ Tenn. Code Ann. §§ 67-3-203, 67-3-303.

⁹ Tenn. Code Ann. §§ 67-3-204, 68-215-110, 67-3-303.

¹⁰ Tenn. Code Ann. § 67-3-1102.

¹¹ Tenn. Code Ann. § 67-3-1113.

¹² Tenn. Code Ann. § 67-3-205.

¹³ Tenn. Code Ann. § 67-6-1113.

¹⁴ Tenn. Code Ann. § 67-3-401.

¹⁵ Tenn. Code Ann. §§ 67-3-1102(b), 67-3-1113(b).

¹⁶ Tenn. Code Ann. § 67-3-402.

¹⁷ Tenn. Code Ann. § 67-3-403.

¹⁸ Tenn. Code Ann. § 67-3-404.

¹⁹ Tenn. Code Ann. § 67-3-405.

²⁰ Tenn. Code Ann. § 67-3-408.

²¹ Tenn. Code Ann. § 67-3-409.

²² “Bulk transfer/terminal system” means the motor fuel distribution system consisting of refineries, pipelines, vessels, and terminals. Thus, gasoline in a refinery, pipeline, vessel, or terminal is in the bulk transfer/terminal system. Taxable motor fuel in the fuel supply tank of any engine, or in any tank car, rail car, trailer, truck, or other equipment suitable for ground transportation is not in the bulk transfer/terminal system. Tenn. Code Ann. § 67-3-103.

²³ Tenn. Code Ann. § 67-3-410.

²⁴ Tenn. Code Ann. § 67-3-419.

²⁵ Tenn. Code Ann. § 67-3-406.

²⁶ Tenn. Code Ann. § 67-3-407.

²⁷ Tenn. Code Ann. § 67-3-411.

²⁸ Tenn. Code Ann. § 67-3-412.

²⁹ Tenn. Code Ann. § 67-3-413.

³⁰ Tenn. Code Ann. § 67-3-414.

³¹ Tenn. Code Ann. § 67-3-415.

³² Tenn. Code Ann. § 67-3-416.

³³ Tenn. Code Ann. § 67-3-417.

³⁴ Tenn. Code Ann. § 67-3-418.

³⁵ Tenn. Code Ann. § 67-6-329(a)(2).

³⁶ “Limited user” means a person who consumes diesel fuel within this state for both licensed motor vehicles and other purposes, and who is the qualified holder of an uncanceled limited user permit issued by the Commissioner. Tenn. Code Ann. § 67-3-1302.

³⁷ “Prepaid user” means a person who is the qualified holder of an uncanceled diesel tax prepaid user authorization issued by the Commissioner. Tenn. Code Ann. § 67-3-1302.

³⁸ Tenn. Code Ann. § 67-3-420.

³⁹ Tenn. Code Ann. § 67-3-422.

⁴⁰ Tenn. Code Ann. § 67-3-609.

⁴¹ Tenn. Code Ann. § 67-3-602.

⁴² Tenn. Code Ann. § 67-3-606(d).

⁴³ Tenn. Code Ann. § 67-3-606(b).

⁴⁴ Tenn. Code Ann. § 67-3-1119.

⁴⁵ Tenn. Code Ann. § 67-3-1114.

⁴⁶ Tenn. Code Ann. § 67-3-619.

⁴⁷ Tenn. Code Ann. § 67-3-604.

⁴⁸ Tenn. Code Ann. § 67-3-1104.

⁴⁹ *Id.*

⁵⁰ Tenn. Code Ann. § 67-3-601.

⁵¹ *Id.*

⁵² Tenn. Code Ann. § 67-3-603.

⁵³ Tenn. Code Ann. § 67-3-605.

⁵⁴ Tenn. Code Ann. § 67-3-607.

⁵⁵ Tenn. Code Ann. § 60-4-101.

⁵⁶ Tenn. Code Ann. § 67-3-401.

⁵⁷ Tenn. Code Ann. § 67-3-1303.

⁵⁸ Tenn. Code Ann. § 67-3-1306.

⁵⁹ Tenn. Code Ann. § 67-3-701.

⁶⁰ Tenn. Code Ann. § 67-3-703.

⁶¹ Tenn. Code Ann. § 67-3-705.

⁶² Tenn. Code Ann. § 67-3-702.

⁶³ Tenn. Code Ann. §§ 67-3-702, 67-3-202(b).

⁶⁴ Tenn. Code Ann. § 67-3-704.

⁶⁵ Tenn. Code Ann. § 67-3-1405.

⁶⁶ Tenn. Code Ann. §§ 67-3-304, 67-3-511.

⁶⁷ Tenn. Code Ann. § 67-3-1110(a).

⁶⁸ Tenn. Code Ann. § 67-3-1110(b).

⁶⁹ Tenn. Code Ann. § 67-3-1115.

⁷⁰ *Id.*

⁷¹ Tenn. Code Ann. § 67-3-513.

⁷² Tenn. Code Ann. § 67-3-804.

⁷³ Tenn. Code Ann. § 68-211-1006(a).

⁷⁴ Tenn. Code Ann. § 68-211-1006(b).