

MINNESOTA • REVENUE

Important notice—

Effective July 1, 2007, biodiesel fuel defined as a petroleum product

Effective July 1, 2007, the 2007 Legislature amended the Minnesota Statutes to define biodiesel fuel as a petroleum product. As a result, the following changes in procedures have been made.

All B100 or B99 will be considered undyed diesel fuel and taxed as such. Anyone purchasing B100 or B99 will have a tax liability to their supplier, to the biodiesel producer or on their Minnesota tax return. If the B100 or B99 is blended with dyed diesel fuel or used for off-road purposes, you may apply for a refund using Form PDR-1.

If you are purchasing B100 or B99 from a subjobber or nonlicensed petroleum company

Regardless of your tax status, all taxes are due to the supplier. If you blend B100 or B99 with dyed diesel fuel or use B100 or B99 for off-road purposes, you may apply for a refund on Form PDR-1. Please check the “other” box and write in “soy.” You must attach the original invoices showing tax paid to your supplier and include details of how B100 or B99 was blended or used.

If you are purchasing B100 or B99 from a biodiesel producer

Nonlicensed companies. All taxes and fees are due to the producer. If you blend B100 or B99 with dyed diesel fuel or use B100 or B99 for off-road purposes, you may apply for a refund on Form PDR-1. Please check the “other” box and write in “soy.” You must attach original invoices showing tax paid to the biodiesel producer and include details of how B100 or B99 was blended or used.

Licensed distributors. No tax would be due to the producer. All B100 or B99 should be included on your gas tax return and special fuel return. Please use schedule code 2A or 2C depending on origin and use product code 284 for undyed biodiesel. This will calculate inspection fee, excise tax and cleanup when applicable. If you blend B100 or B99 with dyed diesel fuel or use B100 or B99 for off-road purposes, you may apply for a refund on Form PDR-1. Please check the “other” box and write in “soy.” Do not send any documentation when applying for a refund; your assigned auditor will verify this refund during your regular audit.

Special fuel dealers. All taxes and fees will be due to the producer. If you blend B100 or B99 with dyed diesel fuel or use B100 or B99 for off-road purposes, you may apply for a refund on Form PDR-1. Please check the “other” box and write in “soy.” You must attach original invoices showing tax paid to the biodiesel producer and list the equipment the product was used in.

Biodiesel producers

You must become licensed with the department’s Petroleum Tax Unit.

If you sell B100 or B99 to a:

- refinery or terminal, no taxes or fees will be due to Minnesota.
- licensed distributor, no taxes or fees will be due to Minnesota.
- special fuel dealer or a nonlicensed customer, all taxes and fees would be due to Minnesota on your gas tax return and special fuel return.

Questions?

If you have any questions or need additional information, please call Brin Rauscher at 651-556-6350.