

Extension of Temporary Relief for Fuel Removals Destined for Nontaxable Use Due to West Shore Pipeline Shutdown

Notice 2018-39

SECTION 1. PURPOSE

This notice provides an extension of the temporary dyed fuel relief provided in section 3.02 of Notice 2017-30, 2017-21 I.R.B.1248, published on May 22, 2017. The extended relief will be available beginning May 4, 2018, and ending December 31, 2018. A claimant may submit a refund claim for the Internal Revenue Code (Code) § 4081(a)(1) tax imposed on undyed diesel fuel and kerosene for fuel that is 1) removed from a Milwaukee or Madison terminal; 2) entered into a Green Bay terminal within 24 hours of removal from the Milwaukee or Madison terminal; and 3) subsequently dyed and removed from that Green Bay terminal.

SECTION 2. BACKGROUND

In section 3.02 of Notice 2017-30, the Department of the Treasury and the Internal Revenue Service provided a temporary refund mechanism for the § 4081(a)(1) tax imposed upon removal of undyed diesel fuel and kerosene from a Milwaukee terminal when such fuel is subsequently removed from a Green Bay terminal as dyed fuel destined for a nontaxable use. This relief is available for the period beginning on October 31, 2017, and ending on May 3, 2018.

Notice 2017-59, 2017-45 I.R.B. 484, provides guidance on how persons eligible for relief under section 3.02 of Notice 2017-30 may submit claims for refund. The

conditions and procedures for making such claims can be found in sections 3.02, 3.03, and 3.04 of Notice 2017-59.

This notice extends the relief that section 3.02 of Notice 2017-30 provides. This notice also expands the relief to permit claims for refund for fuel that is initially taxed upon removal from a terminal in Madison and later removed from a Green Bay terminal as dyed fuel.

SECTION 3. EXTENSION OF TEMPORARY DYED FUEL RELIEF

For the period beginning on May 4, 2018, and ending on December 31, 2018, if any person (that is, the position holder) that removes diesel fuel or kerosene that satisfies the requirements of § 4082 from a Green Bay terminal establishes to the satisfaction of the Secretary that a prior tax was paid with respect to the removal of such fuel from a Milwaukee or Madison terminal, then an amount equal to the prior tax paid shall be allowed as a refund (without interest) to the position holder in the same manner as if it were an overpayment of tax imposed by § 4081.

The relief described in this section is not available with respect to any transaction for which one or more conditions set forth in section 3.02 of Notice 2017-59 are not satisfied or for any refund claim that fails to comply with the procedures set forth in sections 3.03 and 3.04 of Notice 2017-59. For purposes of this notice, any reference in Notice 2017-59 to removals from a Milwaukee terminal shall be read to also include removals from a Madison terminal.

SECTION 4. EFFECTIVE DATE

The temporary dyed fuel relief described in section 3 of this notice applies to removals of dyed diesel fuel and kerosene from Green Bay terminals on or after May 4, 2018, and on or before December 31, 2018.

SECTION 5. DRAFTING INFORMATION

The principal author of this notice is Danielle J. Mayfield of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Ms. Mayfield at (202) 317-6855 (not a toll-free call).