

INTERNAL REVENUE SERVICE

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FEB 20, 2001

[REDACTED]

Dear [REDACTED]

I apologize for the delay in responding to your inquiry dated January 12, 2001, on behalf of your constituent, [REDACTED] is concerned because his heating bill from his new supplier includes a charge for federal excise tax that was not included on bills from his previous supplier.

I responded directly to [REDACTED] as requested. I am enclosing a copy of my response, which explains the tax on diesel fuel (which can be used as home heating oil) and tells [REDACTED] he is entitled to a credit or refund of this tax. I also explain that he can avoid this tax by locating a supplier of dyed fuel.

I hope this information is helpful. If you have any questions, please contact me at

( [REDACTED] )

Sincerely,

Paul F. Kugler  
Associate Chief Counsel  
(Passthroughs and Special Industries )

Enclosure

INTERNAL REVENUE SERVICE

Index No.: 6427.00-00

FEB 20, 2001

Dear [REDACTED]

This letter responds to your inquiry of November 29, 2000, to [REDACTED] forwarded your inquiry to my office for response. You asked about the federal excise tax on diesel fuel used for home heating.

Diesel fuel is not taxed when it is used for heating a home. There are two ways you can purchase diesel fuel:

1. You can purchase diesel fuel that is dyed red, which is exempt from tax.
2. You can purchase undyed diesel fuel, which has been taxed, and file a claim for refund on Form 8849, Claim for Refund of Excise Taxes, for any quarter of your income tax year if you can claim at least \$750 in excise taxes not previously claimed. If you cannot claim a refund of at least \$750 by the end of the fourth quarter of your tax year, you can claim a credit for any amount on your income tax return.

However, to claim the yearly credit on your income tax return, you must file Form 1040, U.S. Individual Income Tax Return, and attach Form 4136, Credit for Federal Tax Paid on Fuels. If you use the short form, you cannot claim this credit.

Your previous supplier may have sold you dyed fuel, while your current supplier is selling you undyed (taxed) diesel fuel. You may be able to get untaxed dyed home heating oil from a different supplier.

I hope this information is helpful to you. If you have any questions, please contact [REDACTED]

Sincerely,

Associate Chief Counsel  
(Passthroughs and Special Industries)

By:

Richard A. Kocak  
Chief, Branch 8

[REDACTED]