

**Illinois Department of Revenue
Regulations**

Title 86 Part 500 Section 500.210 Documentation of Tax-Free Sales of Motor Fuel Made by Licensed Distributors and Suppliers
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**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 500
MOTOR FUEL TAX**

Section 500.210 Documentation of Tax-free Sales of Motor Fuel Made by Licensed Distributors and Suppliers

- a) A distributor or supplier may make tax free sales of motor fuel, with respect to which he or she is otherwise required to collect tax, only as specified in subsections (b) through (i).
- b) Sales of motor fuel delivered to points outside Illinois. The seller must retain the invoice date and number, name of carrier, bill of lading/manifest number, purchaser's name and address, Illinois origin, destination location, and invoiced gallons.
- c) Sales of motor fuel to the Federal government or its instrumentalities. The seller shall retain the invoice number and date, name of carrier, bill of lading/manifest number, name of purchaser, Illinois origin, Illinois destination, and invoiced gallons.
- d) Sales of motor fuel to a municipal corporation owning and operating a local transportation system for public service in Illinois. The seller shall retain the invoice date and number, name of carrier, bill of lading/manifest number, name and address of purchaser, Illinois origin, Illinois destination and invoiced gallons. In addition, the seller shall include with his or her return a Certificate of Exemption, in the form required by Section 500.280 of this Part, for each sale.
- e) Sales of motor fuel to a privately owned public utility owning and operating 2-axle vehicles designed and used for transporting more than 7 passengers, for the operation of vehicles that are used as common carriers in general transportation of passengers, are not devoted to any specialized purpose and are operated entirely within the territorial limits of a single municipality or any group of municipalities or in a close radius thereof, and the operations of which are subject to the regulations of the Illinois Commerce Commission. The seller shall retain the invoice date and number, name of carrier, bill of lading/manifest number, name and address of purchaser, Illinois origin, Illinois destination and invoiced gallons. In addition, the seller shall include with his or her return a Certificate of Exemption, in the form required by Section 500.285 of this Part, for each sale.
- f) Sales of gasoline for aviation purposes. A Seller shall retain the invoice date and number, name of carrier, bill of lading/manifest number, name of purchaser, Illinois origin, Illinois destination, and invoiced gallons. He or she must also include a "Certificate of Gas Sold For Propulsion of Aircraft" with his or her return to document

this type of exemption.

- g) Sales to persons other than licensed distributors or suppliers
- 1) Sales of dyed fuel sold to persons other than licensed distributors or licensed suppliers for non-highway purposes only when:
 - A) *The fuel is delivered from a vehicle designed for the specific purpose of such sales and delivered directly into a stationary bulk storage tank that displays the notice required by Section 4f of the Act;*
 - B) *The fuel is delivered from a vehicle designed for the specific purpose of such sales and delivered directly into the fuel supply tanks of non-highway vehicles that are not required to be registered for highway use; or*
 - C) *The fuel is dispensed from a dyed diesel fuel dispensing facility that has withdrawal facilities that are not readily accessible to and are not capable of dispensing dyed diesel fuel into the fuel supply tank of a motor vehicle.*
 - 2) *For purposes of this subsection (g), a dyed diesel fuel dispensing facility is considered to have withdrawal facilities that are "not readily accessible to, and not capable of dispensing dyed diesel fuel into, the fuel supply tank of a motor vehicle" only when the dyed diesel fuel is delivered from:*
 - A) *A dispenser hose that is short enough that it will not reach the fuel supply tank of a motor vehicle; or*
 - B) *A dispenser that is enclosed by a fence or other physical barrier so that a vehicle cannot pull alongside the dispenser to permit fueling. (Section 6 of the Law)*
 - 3) For each sale of dyed diesel fuel described in this subsection (g), a specific notation of the nature of the exemption must be made on the invoice for these sales. The seller must retain the invoice number and date, name of carrier, bill of lading/manifest number, name and address of purchaser, Illinois origin, Illinois destination, and invoiced gallons sold (see 86 Ill. Adm. Code 130.815). A legible and conspicuous notice stating "Dyed Diesel Fuel, Non-taxable Use Only, Penalty For Taxable Use" must appear on all shipping papers (including delivery tickets or manifests and excluding material safety data sheets), bills of lading, and invoices accompanying any sale of dyed diesel fuel.
- h) Sales of 1-K kerosene delivered into a storage tank located at a facility that has withdrawal facilities that are readily accessible to, and are capable of dispensing 1-K kerosene into the fuel supply tanks of, motor vehicles are taxable. *For purposes of the exemption described in this subsection (h), a facility is considered to have withdrawal facilities that are not "readily accessible to and capable of dispensing 1-K kerosene into the fuel supply tanks of motor vehicles" only when the 1-K kerosene is delivered from:*

- 1) *a dispenser hose that is short enough that it will not reach the fuel supply tank of a motor vehicle; or*
 - 2) *a dispenser that is enclosed by a fence or other physical barrier so that a vehicle cannot pull alongside the dispenser to permit fueling. (Section 2 of the Law)*
- i) Sales of motor fuel made to licensed distributors or suppliers. A specific notation of the nature of the exemption must be made on the invoice for these sales. Also, the seller must retain the invoice number and date, name of carrier, bill of lading/manifest number, name and address of purchaser, Illinois origin, Illinois destination, purchaser's license number, and invoiced gallons sold.

(Source: Amended at 36 Ill. Reg. 6677, effective April 12, 2012)