

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 500 Section 500.235</b>	<b>Claims for Refund of Taxes and Motor Fuel Use Tax Decal Fees- Invoices</b>
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**TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 500  
MOTOR FUEL TAX**

**Section 500.235 Claims for Refund of Taxes and Motor Fuel Use Tax Decal Fees – Invoices**

- a) Claims for the refund of Motor Fuel Tax imposed by Section 2 of the Law, by persons other than a distributor or supplier, shall be made to the Department of Revenue, duly verified by the claimant, upon forms prescribed by the Department. On and after January 1, 2016, claims may be filed electronically in accordance with 86 Ill. Adm. Code 760. The Department of Revenue will not approve claims for refund of Motor Fuel Tax unless the claims can be directly supported by invoices, sales slips, statements of account, or monthly statements (herein referred to as "purchase documentation"). Reproductions may be submitted in lieu of originals, provided they are legible. However, the Department may require original purchase documentation to verify purchases. Purchase documentation may be electronically generated by the claimant's fuel supplier. Electronically generated purchase documentation shall meet all applicable electronic storage requirements of Sections 130.805 and 130.825 of the Retailers' Occupation Tax regulations (86 Ill. Adm. Code 130). Manifests will not be treated as purchase documentation.
  
- b) All purchase documentation must contain the following information:
  - 1) Date of delivery;
  - 2) name and address of purchaser (which must be the name of the claimant);
  - 3) name and address of seller;
  - 4) number of gallons purchased and price per gallon;
  - 5) Illinois Motor Fuel Tax as separate item if the purchase documentation is from other than a retail outlet;
  - 6) receipt of payment. (Only paid purchase documentation is acceptable in connection with claims for refund.) Refunds will only be issued when payment of tax is exactly correlated to the purchase documentation for which the claim is being filed; and

- 7) *persons making claims based upon the loss of motor fuel due to fire or theft must include fire department or police department reports with their claim.* (Section 13 of the Law) Failure to include these reports will result in automatic denial of the claim.
- c) Claimants must retain purchase documentation in conjunction with claims based upon motor fuel used for a nontaxable purpose. In making a claim, claimants must show total purchases, deducting the gallonage used upon public highways or waters, the difference being the net amount upon which the claim is based. Claimants must retain among their books and records documentation of all purchases, payments, bulk storage withdrawals and proof of usage for a period equivalent to that during which an assessment can be issued under the Law, from the date of issuance of the claim or refund. This information must be made available to Department employees upon request. Failure to keep or provide the records will result in denial of claims and recovery of any claims paid. In addition, the Department may recover any claims erroneously paid.
- d) When the claimant has lost purchase documentation through inadvertence or an act of God, the Department will permit the claimant to submit an affidavit in lieu of purchase documentation in support of the claim, if the affidavit contains the same information that the purchase documentation was required to contain, plus a statement of facts explaining the loss of the purchase documentation and justifying the substitution of an affidavit for the purchase documentation.
- e) Claims for reimbursement for taxes paid must be filed not later than 2 years after the date on which the tax was paid by the claimant.
- f) Claims accompanied by purchase documentation that demonstrates evidence of change of name, date or gallonage or other evidence of fraud, or that is illegible, will be disallowed in their entirety.
- g) *Any person who purchases motor fuel in Illinois and uses that motor fuel in another state and that other state imposes a tax on the use of such motor fuel shall be reimbursed and repaid the amount of Illinois tax paid on the motor fuel used in such other state. Reimbursement and repayment shall be made by the Department upon receipt of adequate proof of taxes directly paid to another state and the amount of motor fuel used in that state. Evidence supporting the claim must include both a certified copy of the tax return filed with such other state by the claimant and a copy of either the cancelled check paying the tax due on such return, or a receipt acknowledging payment of the tax due on such tax return. The provisions of this subsection (g) shall not apply to taxes paid on returns under Section 13a.3 of the Law.* (Section 13 of the Law)
- h) *Claims for refunds for the motor fuel tax imposed by Section 2 of the Law approved by the Department shall be paid within 90 days after receipt of a complete and correct application for such a refund. If refunds are paid after the expiration of the 90 day period, the Department shall also pay from the Motor Fuel Tax Fund to the taxpayer interest at the rate and in the manner set by the Uniform Penalty and Interest Act [35 ILCS 753].* (Section 15.1 of the Law) Refunds paid after the expiration of the 90 day period shall bear interest from the date that a properly completed claim for refund was filed with the Department.

- i) The Department will approve claims for refund only when the claims are based upon a showing that the motor fuel was used for a nontaxable purpose, and that the part for which refund is claimed can, as a practical matter, be calculated and itemized. When the claims are estimated or calculated, they must be supported by verifiable documentation retained in the claimant's books and records. Only claims that can be supported by proof of the amount of motor fuel not used for a taxable purpose will be approved.
- j) *No claim based upon the use of undyed diesel fuel shall be allowed except for claims for the following:*
- 1) *Undyed diesel fuel used: in a manufacturing process, as defined in Section 2-45 of the Retailers' Occupation Tax Act, wherein the undyed diesel fuel becomes a component part of a product or byproduct, other than fuel or motor fuel, when the use of dyed diesel fuel in that manufacturing process results in a product that is unsuitable for its intended use; or for testing machinery and equipment in a manufacturing process, as defined in Section 2-45 of the Retailers' Occupation Tax Act, wherein the testing takes place on private property.*
  - 2) *Undyed diesel fuel used by a manufacturer on private property in the research and development, as defined in Section 1.29 of the Law, of machinery or equipment intended for manufacture.*
  - 3) *Undyed diesel fuel used by a single unit self-propelled agricultural fertilizer implement, designed for on and off road use, equipped with flotation tires and specially adapted for the application of plant food materials or agricultural chemicals.*
  - 4) *Undyed diesel fuel used by a commercial motor vehicle, as defined in Section 500.100 of this Part, for any purpose other than operating the commercial motor vehicle upon the public highways. Claims shall be limited to commercial motor vehicles that are operated for both highway purposes and any purposes other than operating such vehicles upon the public highways and shall be limited to the nonhighway portion of the fuel used. For instance, the claims include, but are not limited to, commercial motor vehicles such as 3-axle dump trucks operated both on public highways and also on landfills in landfill operations. This subsection (j)(4) does not include claims filed for undyed diesel fuel used by power take-off equipment. This type of claim is described in subsection (j)(7).*
  - 5) *Undyed diesel fuel used by a unit of local government in its operation of an airport if the undyed diesel fuel is used directly in airport operations on airport property.*
  - 6) *Undyed diesel fuel used by refrigeration units that are permanently mounted to a semitrailer, as defined in Section 1.28 of the Law, wherein the refrigeration units have a fuel supply system dedicated solely for the operation of the refrigeration units.*
  - 7) *Undyed diesel fuel used by power take-off equipment as defined in Section 1.27 of the Law. Claims shall be based upon actual consumption of undyed diesel*

fuel. The maximum amount of undyed diesel fuel that may be claimed for refund under this Section, however, is 25% of the fuel consumed, unless prior to submission of the claim the claimant submits a specific study conducted by the claimant and approved by the Department for claims in excess of this amount. Approved studies shall be valid for 2 years after the date of approval. However, upon petition of a taxpayer, the Department may approve an extension of a previously approved study for no more than 2 years. No study may be relied upon for a total of more than 4 years.

- 8) Claims for taxes paid on and after January 1, 2001 are not authorized for commercial vehicles unless the commercial vehicle falls within the definition of a "commercial motor vehicle", as provided in Section 500.100 of this Part and the claim is eligible for refund under subsection (j)(4), or the claim is eligible for refund under any of the other provisions of this subsection (j).
- 9) *Beginning on August 22, 2005, undyed diesel fuel used by tugs and spotter equipment to shift vehicles or parcels on both private and airport property. Any claim under this subsection (j)(9) may be made only by a claimant that owns tugs and spotter equipment and operates that equipment on both private and airport property. The aggregate of all credits or refunds resulting from claims filed under this subsection (j)(9) by a claimant in any calendar year may not exceed \$100,000. A claim may not be made under this subsection (j)(9) by the same claimant more often than once each quarter. For purposes of this subsection (j)(9), "tug" means a vehicle designed for use on airport property that shifts custom-designed containers of parcels from loading docks to aircraft, and "spotter equipment" means a vehicle designed for use on both private and airport property that shifts trailers containing parcels between staging areas and loading docks. (Section 13 of the Law)*
- k) Effective July 1, 2001, *any person who has paid the tax imposed by Section 2 of the Law upon undyed diesel fuel that is unintentionally mixed with dyed diesel fuel and who owns or controls the mixture of undyed diesel fuel and dyed diesel fuel may file a claim for refund to recover the amount paid. The amount of undyed diesel fuel unintentionally mixed must equal 500 gallons or more. Any claim for refund of unintentionally mixed undyed diesel fuel and dyed diesel fuel shall be supported by documentation showing the date and location of the unintentional mixing, the number of gallons involved, the disposition of the mixed diesel fuel, and any other information that the Department may reasonably require. Any unintentional mixture of undyed diesel fuel and dyed diesel fuel shall be sold or used only for nonhighway purposes. (Section 13 of the Law)*
- l) *Any person who purchases motor fuel use tax decals as required by Section 13a.4 of the Law and pays an amount of fees for such decals that exceeds the amount due shall be reimbursed and repaid the amount of the decal fees that are deemed by the Department to be in excess of the amount due. Claims for reimbursement of decal fees are subject to the following procedures and restrictions:*
  - 1) *Claims for reimbursement shall be made electronically and be duly verified by the claimant (or by the claimant's legal representative if the claimant has died or become a person under legal disability);*
  - 2) *Claims shall state facts relating to the overpayment of decal fees;*

- 3) *Claims for reimbursement of overpayment of decal fees paid on or after January 1, 2011 must be filed not later than one year after the date on which the fees were paid by the claimant;*
- 4) *If it is determined that the Department should reimburse a claimant for overpayment of decal fees, the Department shall first apply the amount of such refund against any tax or penalty or interest due by the claimant under Section 13a of the Law. (Section 13 of the Law)*

(Source: Amended at 39 Ill. Reg. 14728, effective October 23, 2015)