

Introduction

From time to time our members receive letters from tax refund collection agencies offering to assist them in the recovery of federal fuel tax refunds, and to check for possible refunds on other excise taxes. The fee for this service is generally one-third of the refund collected. If you do decide to execute a contract with a tax refund collection agency, we suggest that you have your local attorney review it. You may want to consider filing for the fuel tax refund on your own.

Federal Excise Tax

The federal government has an excise tax of \$.184/gallon on all gasoline sold and \$.243 on all diesel sold. However, local governmental entities are exempt from this tax, although they often pay it "at the pump." Getting this tax refunded is simply a matter of filing a Form 8849, including Schedule 1, with the Internal Revenue Service. The only information you need is your municipality's name, address, taxpayer identification number (TIN), telephone number, month your fiscal year ends and number of gallons of gasoline on which the municipality paid fuel tax during the year.

For once, the form is simple. Your identification information goes at the top and you check the box opposite Schedule 1. Schedule 1 requires only the name of the city/village and the TIN at the top. Then complete line 1, Nontaxable Use of Gasoline and Gasohol. The type of use is 14; the rate (currently) is \$.184; "gallons" is the number of gallons of gasoline on which you paid the fuel tax. The amount of the refund is \$.184 x number of gallons used (e.g. if you used 1,000 gallons of gasoline during the year this refund would be 1000 x .184, or \$184.00). Similar calculations are required for diesel and undyed kerosene – both of these are currently taxed at \$.243. You can total the refund amounts and enter it in the "Total Refund" box at the top of the form. Have the form signed and send it to the IRS, Cincinnati, OH 45999-0002.

You can download the form and instructions (<http://www.irs.gov/pub/irs-pdf/f8849.pdf>).

Other federal excise taxes from which local governments are exempt are tax on heavy trucks, trailers and tractors, and luxury tax. You are less likely to have been charged these excise taxes. If you feel you have paid them in error, you can file for a refund on Form 8849 with Schedule 6 (<http://www.irs.gov/pub/irs-pdf/f8849s6.pdf>) which you may also download from the net. You will probably want to have your accountant/auditor help you with this.

State Gasoline Tax

Local governments are also exempt from the state gasoline tax. Information regarding this refund (http://www.michigan.gov/taxes/0,1607,7-238-43542_43544-155620--,00.html) and the form requesting a refund (<https://treas-secure.state.mi.us/motorfuel/request.htm>) can be downloaded from the Michigan Department of Treasury website.