



Special Notice

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Diesel Fuel Tax Claimants – New Filing Procedures

Assembly Bill 105 (Stats 2011, Ch.6) provides that the diesel fuel tax rate will be reduced, effective July 1, 2011, to \$0.13 per gallon from the current \$0.18 per gallon. Consequently, beginning July 1, 2011, diesel fuel tax claims for refund may need to be filed at two different tax rates: the reduced diesel fuel tax rate and the prior diesel fuel tax rate. This situation could arise if you purchased tax-paid diesel fuel at the prior rate but used it in an exempt manner after the diesel fuel tax rate changed. If you have tax-paid diesel fuel in inventory or in transit at 12:01 A.M. on July 1, 2011, and use it in an exempt manner, then this Special Notice provides the guidance you need to claim a refund.

For more detailed information on changes to the claim for refund forms, visit the Board of Equalization (BOE) website at, www.boe.ca.gov/sptaxprog/pdf/boe810fte.pdf#page=21.

BOE-770-DU, *Diesel Fuel Claim for Refund on Nontaxable Uses*, was revised to accommodate the filing of diesel fuel claims at multiple rates. These changes also revise the claim form so that it conforms with the other special taxes tax returns/reports.

Some changes to the claim for refund form include:

- The nontaxable diesel fuel gallons previously claimed on lines 5 through 10 of the old form are now claimed on the new Disbursement Schedules 13J and 13J5 through 13J9. Most of the information reported on the schedules can be summarized, so the actual reporting requirements have not substantially changed.
- Sales and on-highway use of diesel fuel are reported on Schedule 12A or 12B.
- Ending inventory of clear diesel fuel is reported on Schedule 12C.
- The face of the form has two columns for tax rates (the current rate and the previous rate).¹ You must complete all appropriate schedules to claim refunds at the prior tax rate.
- A Refund Computation Worksheet. (This worksheet is for your use in preparing the claim. You do not need to submit it with the claim.)

The new form and schedules must be used for filing claims for refund beginning with the July 2011 claim period. The new schedules must be submitted with all paper claim forms.

Attention Annual Filers: Annual filers are required to report inventory amounts as of 11:59 P.M. on June 30, 2011, and December 31, 2011, on Schedule 12C. You will use the new form when you file your 2011 claim for refund and subsequent periods. You must also report ending inventory as of June 30 and December 31 for subsequent periods.

Attention Quarterly Filers: Quarterly filers are required to report inventory amounts as of 11:59 P.M. on June 30, 2011, and September 30, 2011. You will use the new form when you file your claim for refund for third quarter 2011 and subsequent periods. For third quarter 2011, you are required to submit two Schedule 12C's for ending inventory. One Schedule 12C is for the June 30, 2011, ending inventory and the other for the September 30, 2011, ending inventory. For subsequent periods, you will only file one Schedule 12C for ending inventory at the end of each quarter.

¹ The BOE is directed to adjust the diesel fuel tax rate by April 1 each year, to be effective July 1 of that year. Therefore, the "current rate" will be the rate in effect between July 1 and June 30 of the following year, and the "prior rate" will be the rate that was in effect prior to July 1 of the current calendar year.

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Below are brief descriptions of the new schedule codes. For detailed information regarding the use and preparation of these schedules, see [BOE-810-FTE, Instructions For Preparing Motor Fuels Schedules](#), available on our website at www.boe.ca.gov/sptaxprog/pdf/boe810fte.pdf.

Receipt Schedules 1A, 2A

You will continue to report your diesel fuel purchases on Receipt Schedules 1A or 2A, which are updated with columns to capture tax rate and purchase date information when needed.

New Below-the-Rack Activity Schedules 12A through 12C

These schedules are used to account for sales of diesel fuel, diesel fuel used on-highways, and inventory of diesel fuel owned “below-the-rack” as of July 1, 2011. These schedules are mandatory when filing [BOE-770-DU, Diesel Fuel Claim for Refund on Nontaxable Uses](#).

If you are claiming a refund at the prior tax rate, you must account for ending inventory as indicated above.

New Disbursement Schedules 13J, 13J5 through 13J9

These schedules replace specific lines on the current claim for refund form, [BOE-770-DU](#), and are intended to streamline the processing of the claim. Diesel Users must use new schedules coded 13J, 13J5, 13J6, 13J7, 13J8, and 13J9, as appropriate, for claims filed which include the July 2011 period.

We recommend that you become familiar with the new form and schedules, including the revised instructions, as soon as you receive your copy of [BOE-770-DU, Diesel Fuel Claim for Refund on Nontaxable Uses](#).

Taxpayer Information Section

If you have any questions regarding this notice, please visit our website at www.boe.ca.gov or call our Taxpayer Information Section at 800-400-7115 (TTY:711). Customer service representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m., Pacific time, except California state holidays.