

**Florida Department of Revenue
Tax Information Publication**

TIP 06B05-05

Dated: December 8, 2006

**Effective Immediately,
Undyed Biodiesel Fuel May Be Mixed with Dyed Diesel
By Licensed Wholesalers and Blenders**

On November 14, 2005, the Internal Revenue Service (IRS) issued IRS Bulletin No. 2005-46, which, in Section 6, temporarily authorizes the mixing of dyed diesel with undyed biodiesel below the loading racks of terminals. Because Florida fuel tax laws generally mirror federal regulations, the State of Florida will permit the mixing of dyed diesel fuel with undyed biodiesel below the loading racks of terminals for the period that the IRS permits such mixing.

Paragraph (2) of Section 6 of IRS Bulletin 2005-46 provides that a mixture containing diesel fuel or kerosene will be treated as being dyed by mechanical injection if:

- > The mixture consists of at least 80 percent diesel fuel or kerosene, and the remaining portion is a liquid, such as biodiesel ("other liquid"), that is not diesel fuel or kerosene;
- > The diesel fuel or kerosene in the mixture was dyed by mechanical injection;
- > The diesel fuel or kerosene and the other liquid are combined at a facility that is not a terminal; and
- > The mixture meets the specifications of s. 48.4082-1(b) when it is removed from the facility where the diesel fuel or kerosene and the other liquid are combined.

For Florida tax administrative purposes, the dyeing of diesel products by wholesalers and blenders will be deemed in compliance with the provisions of IRS Bulletin 2005-46 by the Department of Revenue, when the volume of diesel products blended outside a terminal consists of 80 percent dyed diesel that was dyed at a terminal, and 20 percent of biodiesel or any other product that is not diesel fuel or kerosene.

Wholesalers and blenders may seek a refund for fuel taxes paid on the undyed biodiesel by filing Form DR-26, Application for Refund with the Department. Wholesalers and blenders must submit a schedule with the Application for Refund, listing the total number of gallons of both dyed diesel fuel and undyed biodiesel purchased during the refund period, and the total number of gallons of both dyed diesel fuel and undyed biodiesel in the blended diesel product sold. The original invoices documenting the information provided by schedule must be retained by the wholesalers and blenders for no less than three years after the invoices were issued.

Reference: Internal Revenue Service Bulletin No. 2005-46, dated November 14, 2005.

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at www.myflorida.com/dor. Or call Taxpayer Services, 8:00 a.m. to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.