

Motor Fuels Distributor and Importer Reconciliation Return Instructions

North Carolina Department of Revenue



General Instructions

Distributors and importers are required to report all purchases and sales of fuel sold to exempt entities. Exempt entities include the U.S. Government, State of North Carolina, a North Carolina local board of education, a North Carolina County or Municipal Corporation, a North Carolina Charter School, or a North Carolina Community College.

The Motor Fuels Distributor and Importer Reconciliation Return is required to be filed by distributors and importers who:

1. Purchase gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), or kerosene exempt from the North Carolina road tax using an exempt access card for direct shipment to an exempt entity.
2. Sell gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels to an exempt entity less the road tax.

The Gas-1203, along with the supporting schedules and payment (if applicable), must be received by the Department or postmarked on or before the last day of the month following the end of the quarter. If the due date falls on a Saturday, Sunday, or state or federal holiday, the return and payment **MUST BE RECEIVED** by the Department or **MUST BE POSTMARKED** on the next business day. **No return is required if product was not purchased for shipment to an exempt entity or sold to an exempt entity during the quarter.**

This reconciliation return is designed to compute refunds due the distributor or importer on tax-paid motor fuel sold to an exempt entity. The return is also designed to compute any additional tax due if the distributor purchases motor fuels using a terminal exempt access card but subsequently sells the motor fuels for a taxable purpose.

A penalty for failure to file will be added for any return filed late and taxes are due. The failure to file penalty is 5% per month, not to exceed 25% in the aggregate, or \$5.00, whichever is greater.

A penalty of ten percent (10%) of any tax due will be added for failure to pay the tax when due. In addition, interest will be charged at a daily rate from the date the tax is due until the date the tax is paid. Contact the Motor Fuels Tax Division for the interest rate.

Amended Returns: Prior period adjustments are not allowed on current returns. If you must amend a previously filed distributor and importer reconciliation return, you must complete Gas 1203 Motor Fuels Distributor and Importer Reconciliation Return, front and back. Attach only the schedules with the required corrections.

Line-by-Line Instructions

Tax/Refund Computation

Line 1 - Refund gallons

Compare Part 2, Line 3 and Part 3, Line 10. If Line 10 is larger, subtract Line 3 from Line 9. Enter the results by product type. Proceed to Part 1, Line 3.

Line 2 - Taxable gallons

Compare Part 2, Line 3 and Part 3, Line 10. If Line 3 is larger, subtract Line 10 from Line 3. Enter the results by product type. Proceed to Part 1, Line 6.

Line 3 - Gross refund due

Multiply Line 1 by the applicable road tax rate. The applicable tax rate is the motor fuel excise tax rate for the quarter for which the refund is claimed. The rate is published on the Department's **website at www.dor.state.nc.us**.

Line 4 - Tare received from supplier

Licensed Distributors and Licensed Importers multiply Line 3 by 1%, (0.01), otherwise enter 0.

Line 5 - Net refund due

Subtract Line 3 from Line 4. Enter the results by product type.

Line 6 - Motor fuel road tax due

Multiply Line 2 by the applicable road tax rate. The applicable tax rate is the motor fuel excise tax rate for the quarter for which the tax is due. The rate is published on the Department's **website at www.dor.state.nc.us**.

Line 7 - Tax/Refund due

Line 6 minus Line 5.

Line 8 - Penalty

Payment of the Failure to File Penalty is required for any return filed after the date the return is due and on which taxes are due. The failure to file penalty is 5% per month, not to exceed 25% in the aggregate, or \$5.00, whichever is greater.

Payment of the Failure to Pay Penalty is required for any payment received after the date the return is due. If the payment is late the penalty is 10% of the tax that is due. The minimum penalty is \$5.00.

Line 9 - Interest

Payment of interest is required when payment on any return, with tax due, is late. The interest rate is subject to change every six months; therefore, you should contact the Motor Fuels Tax Division for the current interest rate.

Line 10- Total Amount Due or Refund Due

Add Lines 7, 8, and 9. Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.

Schedule Instructions

The supporting schedules are uniform documents designed in the same format as those approved by the Federation of Tax Administrators Uniformity Committee. **All required data must be presented in the same format and order as the schedules provided by this Department.** A separate schedule is required to be filed for each product type.

Gas-1203RS - Schedule of Exempt Receipts

The following schedule types will provide detail in support of the amounts shown as purchases on the return. The distributor or importer is required to report each receipt of gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels on a transaction by transaction basis.

- 2 Untaxed gallons received from the terminal and sold directly to exempt entities
- 4 Gallons from bulk plant sold to exempt entities, refund claimed on Gas-1206

Identifying Information

Legal Name, Account Number, Schedule Type, Product Type, and Quarter/Year of Return

Complete the information at the top of each schedule showing the distributor or importer legal name as shown on the face of the return, distributor or importer account number, schedule type, product type and quarter/year of the return.

Column Instructions

Columns 1 & 2: Carrier - Enter the name and account number of the company that transported the product.

Column 3: Mode of Transport - Enter the mode of transport. Use one of the following:

J = Truck R = Rail B = Barge PL = Pipeline
S = Ship BA = Book Adjustment ST = Stationary Transfer CE = Summary

Column 4: Point of Origin/Destination - Enter the location the product was transported from/to. Use the standard state abbreviation to identify the point of origin or destination, as appropriate.

Columns 5 & 6: Supplier - Enter the name and account number of the company from which the product was acquired.

Column 7: Date Received - Enter the date the product was received.

Column 8: Document Number - Enter the identifying number from the manifest issued at the terminal when product is removed over the rack. In the case of bulk plant removals, it is the withdrawal invoice number.

Column 9: Net Gallons - Enter the net gallons received. Provide a grand total for Column 9 for each product type.

Column 10: Gross Gallons - Enter the gross gallons received. Provide a grand total for Column 10 for each product type.

Column 11: Billed Gallons - Enter the number of gallons that were billed on the invoice and for which you paid tax. Provide a grand total for Column 11 for each product type.

Schedule 2 - Untaxed gallons received from the terminal and sold directly to exempt entities

This schedule provides detail transaction information on over the rack receipts from suppliers of gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), or kerosene using an exempt access card. Distributors and importers are required to report each purchase on a transaction by transaction basis. Complete the requested information for every column on this schedule summarizing the information by the supplier name. **List all suppliers in alphabetical order.** Complete a separate schedule for each product type.

Schedule 9A - Gallons sold to the State of North Carolina

Distributors and importers who sell gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels directly to the State of North Carolina or its agencies are required to complete and include this schedule with their Motor Fuel Licensed Distributor and Licensed Importer Reconciliation Return. **Do not include sales made to the counties or local governments. Counties and local governments should be reported on Schedule 9E.**

Complete and include this schedule listing, in detail, each disbursement transaction for gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels. Complete the requested information for every column on this schedule summarizing the information by the purchaser name. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from this schedule is carried to Part 3, Line 5 of the Gas 1203 return.

Schedule 9C - Gallons sold to N.C. local board of education

Distributors and importers who sell gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels directly to a N.C. local board of education are required to complete and include this schedule with their Motor Fuel Licensed Distributor and Licensed Importer Reconciliation Return. **Do not include sales made directly to a city or county school. The sale must be made directly to the local board of education and must be invoiced in the same manner.**

Complete and include this schedule listing, in detail, each disbursement transaction for gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels. Complete the requested information for every column on this schedule summarizing the information by the purchaser name. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from this schedule is carried to Part 3, Line 6 of the Gas 1203 return.

Schedule 9E - Gallons sold to a N.C. county or municipal corporation

Distributors and importers who sell gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels directly to a N.C. county or municipal corporation are required to complete and include this schedule with their Motor Fuel Licensed Distributor and Licensed Importer Reconciliation Return. This exemption was effective January 1, 2003.

Complete and include this schedule listing, in detail, each disbursement transaction for gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels. Complete the requested information for every column on this schedule summarizing the information by the purchaser name. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from this schedule is carried to Part 3, Line 7 of the Gas 1203 return.

Schedule 9F - Gallons sold to a N.C. charter school

Distributors and importers who sell gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels directly to a N.C. charter school for charter school use are required to complete and include this schedule with their Motor Fuel Licensed Distributor and Licensed Importer Reconciliation Return. This exemption was effective October 1, 2000.

Complete and include this schedule listing, in detail, each disbursement transaction for gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels. Complete the requested information for every column on this schedule summarizing the information by the purchaser name. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from this schedule is carried to Part 3, Line 8 of the Gas 1203 return.

Schedule 9G - Gallons sold to a N.C. community college

Distributors and importers who sell gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels directly to a N.C. community college for community college use are required to complete and include this schedule with their Motor Fuel Licensed Distributor and Licensed Importer Reconciliation Return. This exemption was effective January 1, 2002.

Complete and include this schedule listing, in detail, each disbursement transaction for gasoline (including gasohol, alcohol, ethanol, and methanol), diesel (including biodiesel), kerosene, or alternative fuels. Complete the requested information for every column on this schedule summarizing the information by the purchaser name. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from this schedule is carried to Part 3, Line 9 of the Gas 1203 return.

MAIL TO:

North Carolina Department of Revenue
Motor Fuels Tax Division
Post Office Box 25000
Raleigh, North Carolina 27640-0950

QUESTIONS:

Contact the Motor Fuels Tax Division at:
Telephone Number (919) 733-3409
Toll Free Number (877) 308-9092
Fax Number (919) 733-8654