



Motor Fuel Backup Tax Return Instructions

North Carolina Department of Revenue

MFD

General Instructions

This return is required to be completed to report fuel for which the North Carolina road and inspection taxes have not been charged and to report fuel that was diverted from the destination state as recorded on the shipping document. This would include, but not be limited to, the following types of transactions:

1. Dyed diesel fuel and dyed kerosene delivered to a local bus or intercity bus company;
2. Dyed diesel fuel and dyed kerosene delivered to an educational organization that is not a public school;
3. Gallons of motor fuel that were allowed an exemption but subsequently used for a taxable purpose;
4. Gallons of motor fuel for which a refund has been received but subsequently used to operate a highway vehicle; and,
5. Gallons of motor fuel that were diverted from the destination state recorded on the shipping document.

If the return and payment are not submitted timely, a delinquent penalty of five percent (5%) per month, maximum twenty-five percent (25%), of any tax due will be added for each month, or fraction thereof, the return is late. 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. The interest rate is subject to change every six months; therefore, you should verify the rate on the Department's website at www.dornc.com.

The backup tax return, supporting schedules, and payment (if applicable) must be received by the Department or postmarked on or before the 22nd day of the month following the month in which the purchase occurred. If the 22nd 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 there is no reportable activity during the month.**

Amended Returns: Prior period adjustments are not allowed on current returns. If you must amend a previously filed backup tax return, you must complete Gas 1259 Motor Fuels Backup Tax Return for that period. Attach only the schedules with the required corrections.

Line-by-Line Instructions

Part 1 - Computation of Tax

Line 1 - Motor fuels road tax due

Multiply Part 2, Line 12 by the applicable motor fuels road tax rate. Enter the result by product type.

Line 2 - Motor fuels inspection tax due

Multiply Part 2, Line 13 by \$0.0025. Enter the result by product type.

Line 3 - Adjustments

Payments made or credits received on original return

If you are filing an amended return you must recalculate the total taxes due. Enter the total amount paid or amount refunded on the original return.

Line 4 - Total road and inspection taxes due

Add Lines 1, 2, and 3. Enter the result by product type.

Line 5 - Penalty

Payment of the Failure to File Penalty is required with any return filed after the date the return is due. If this return is late the penalty is 5% per month or any fraction thereof, with a maximum of 25% of the tax that is due. The minimum penalty is \$5.00.

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

Line 6 - 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 verify the rate on the Department's website at www.dornc.com.

Line 7 - Total Amount Due

Add the amounts from Lines 4, 5, and 6, and enter the total. If the amount on the Total Amount Due line reflects a liability, the amount must be paid with the return. Your payment should equal the amount on Line 7 on the return. Make checks payable to the North Carolina Department of Revenue and include your account number on your check. **Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.**

If the amount on the Total Amount Due line reflects a credit of \$20.00 or more, the amount will be **refunded** to you. A credit memorandum will not be issued. Credits less than \$20.00 will be refunded upon written request.

Part 2 - Gallonage Summary

Line 8 - Dyed diesel or dyed kerosene gallons sold for taxable purposes

The gallons required to be reported on this line should be carried forward from the totals on Gas-1259DS, Schedules 5R and 5S. Enter the result by product type.

Line 9 - Gallons claimed as exempt or refunded but used for taxable purposes

The gallons required to be reported on this line should be carried forward from the totals on Gas-1259DS, Schedules 5U and 5V. Enter the result by product type.

Line 10 - Gallons diverted from the destination recorded on the shipping documents

The gallons required to be reported on this line should be carried forward from the totals on Gas-1259DS, Schedule 5W. Enter the results by product type. **Do not include dyed diesel or dyed kerosene. Dyed diesel or dyed kerosene diverted from the destination recorded on the shipping document must be reported on Part 2, Line 11.**

Line 11 - Dyed diesel or dyed kerosene gallons diverted from the destination recorded on the shipping documents

The gallons required to be reported on this line should be carried forward from the totals on Gas-1259DS, Schedule 5W. Enter the result by product type.

Line 12 - Gallons subject to road tax

Add Lines 8, 9, and 10. Enter the result by product type.

Line 13 - Gallons subject to inspection tax

Add Lines 8, and 10, and 11. Enter the result by product type.

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.

Schedule of Disbursements

The following schedule types provide detail in support of the amounts shown as disbursements on the return. The requirement for reporting each disbursement of motor fuel product is dependent on the disbursement schedule type. Please review the disbursement schedule types defined below for information on the level of transaction reporting detail required for motor fuel products.

Schedule Type

Enter one of the following disbursement schedule types together with the appropriate product type. A separate schedule type is required for each product type being reported.

5R	Dyed diesel or dyed kerosene gallons delivered to a local bus or an intercity bus company
5S	Dyed diesel or dyed kerosene gallons delivered to an educational organization that is not a public school
5U	Gallons of fuel that were allowed an exemption but used for highway use
5V	Gallons of fuel used to operate a highway vehicle on which a refund has been requested
5W	Gallons diverted from the destination recorded on the shipping document

Identifying Information

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

Complete the information at the top of each schedule showing the legal name as shown on the face of the return, account number, schedule type, product type, and month/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: **Not Required for North Carolina Reporting Purposes**

Column 4: **Point of Destination** - Enter the location the product was transported to. Use the standard state abbreviation to identify the point of destination.

Column 5: **Not Required for North Carolina Reporting Purposes**

Columns 6 & 7: Purchaser - Enter the name and account number of the company to which the product was sold.

Column 8: **Date Shipped** - Enter the date the product was shipped.

Column 9: **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, use the withdrawal invoice number.

Column 10: **Not Required for North Carolina Reporting Purposes**

Column 11: **Not Required for North Carolina Reporting Purposes**

Column 12: **Billed Gallons** - Enter the number of gallons that were billed on the invoice to the customer. Provide a grand total for Column 12 for each product type.

Column 13: **Diversion Number** - Enter the number issued by the diversion reporting system that authorizes the diversion of the product from the destination state that is on the original shipping document. **(Only required for Schedule 5W)**

Schedule 5R - Dyed diesel or dyed kerosene gallons delivered to a local bus or an intercity bus company

Licensees who sell dyed diesel or dyed kerosene to a local bus or an intercity bus company for use in a highway vehicle are required to complete and include this schedule with their Motor Fuels Backup Tax Return. 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 Column 12 of this schedule is carried to Part 2, Line 8 of the Gas 1259 return.

Schedule 5S - Dyed diesel or dyed kerosene gallons delivered to an educational organization that is not a public school

Licensees who sell dyed diesel or dyed kerosene to an educational organization that is not a public school for use in a highway vehicle are required to complete and include this schedule with their Motor Fuels Backup Tax Return. 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 Column 12 of this schedule is carried to Part 2, Line 8 of the Gas 1259 return.

Schedule 5U - Gallons of fuel that were allowed an exemption but used for a highway use

Licensees who purchase motor fuel originally for exempt purposes but the fuel was subsequently used for a taxable purposes are required to complete and include this schedule with their Motor Fuels Backup Tax Return. 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 Column 12 of this schedule is carried to Part 2, Line 9 of the Gas 1259 return.

Schedule 5V - Gallons of fuel used to operate a highway vehicle on which a refund has been requested

Licensees who obtain a refund of motor fuels tax on product that is then used in a highway vehicle are required to complete and include this schedule with their Motor Fuels Backup Tax Return. Complete the requested information for every column on this schedule. This information must be submitted in detail. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from Column 12 of this schedule is carried to Part 2, Line 9 of the Gas 1259 return.

Schedule 5W - Gallons diverted from the destination recorded on the shipping document

Distributors, Importers, or Exporters who divert motor fuels from the original state of destination as it appears on the bill of lading to a different state of destination are required to complete and include this schedule with their Motor Fuels Backup Tax Return. In order to report a diversion to this State a diversion number must be obtained by contacting the North Carolina Diversion Registry at 1-866-899-2848. Complete the requested information for every column on this schedule. This information must be submitted in detail. **List all purchasers in alphabetical order.** Complete a separate schedule for each product type.

The total from Column 12 of this schedule is carried to Part 2, Lines 10 and 11 of the Gas 1259 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