

Biodiesel Producer

The purpose of this Tax Fact is to explain how South Dakota motor fuel taxes apply to motor fuel transactions. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

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Biodiesel Producer

A Biodiesel Producer is any person or business that produces biodiesel for sale, use, or distribution. They are required to collect taxes and TI fees for unblended biodiesel that is sold, unless sold to a licensed blender, blended under your blender license, a licensed supplier for resale, or a licensed exporter for export.

South Dakota Motor Fuel Tax Rates

Undyed Diesel (including biodiesel) .28

Visit <u>https://dor.sd.gov/individuals/taxes/</u> <u>motor-fuel/</u> for a complete list of motor fuel tax rates.

What is Biodiesel?

Biodiesel is a form of diesel fuel derived from plants, animals, or any organic material and consisting of long-chain fatty acid esters. This fuel is designated as B100 and meeting the requirements of the American Society of Testing and Materials. Biodiesel does not include oil, natural gas, or coal. Biodiesel is typically made from chemically altering substances such as animal fat, soybean oil, or vegetable oil that is combined with an alcohol.

Additional licenses may be required depending on the processing used to manufacture the biodiesel.

Biodiesel Producer returns should be filed electronically monthly using <u>Epath</u>.

Schedule Types

The biodiesel producer return includes these schedule types:

Schedule Type	Description
5	Gallons delivered with tax collected
6A	Gallons sold tax exempt because the customer is a licensed exporter
6B	Gallons sold to licensed blender
6D	Gallons sold tax exempt

Bill of Lading (BOL)

The bill of lading is a document issued by a terminal operator, bulk plant operator, transporter, ethanol producer, or biodiesel producer. See <u>Supplier Tax Fact</u> for additional information on bills of lading.

An invoice is not a bill of lading. A bill of lading is the legal document required by South Dakota Codified Law to dictate fuel transactions.

<u>At the Rack</u>

South Dakota is a "tax at the rack" state. This means that motor fuel is taxed as it is distributed from the rack inside a terminal. Ethyl alcohol must be taxed prior to entering a motor fuel pipeline terminal. Ethyl alcohol cannot be transmitted in a pipeline.

Example:

Dazed Ethanol sells ethyl alcohol to Dull Oil.

• Since the fuel will be delivered to Dull Oil's tanks inside of a motor fuel terminal, Dazed Ethanol must charge South Dakota motor fuel taxes to Dull oil.

Blender

A person engaged in the activity of making blends of motor fuel and/or additives. Blenders mix fuel that contains at least one product that has not been previously taxed.

Please see the <u>Blender Tax Fact</u> for additional information.

Tax Refund

A biodiesel producer may apply for and obtain a refund of fuel taxes paid to the state for methanol used to produce biodiesel.

Record Keeping

Detailed records must be kept of all fuel transactions. Records must be kept for the current year plus the three preceding years.

Required records to keep include, but may not be limited to:

- Bills of lading
- Sales and purchase invoices
- Shipping records indicating destination state for all products sold
- Diversion tickets
- Drop load tickets
- Inventory records
- Sales receipts
- Disbursement records
- Alcohol denaturing records

Go online to <u>https://dor.sd.gov/businesses/taxes/motor-fuel/</u> for tax information that applies to your business. Please visit <u>https://dor.sd.gov/businesses/taxes/motor-fuel/#dates</u> if you would like assistance filling out online returns.

Contact Us

If you have any questions, please contact the South Dakota Department of Revenue. Call toll-free: 1-800-829-9188 Motor Vehicle Division Email: sdmotorfuel@state.sd.us Website: https://dor.sd.gov/ Mailing address and office location: South Dakota Department of Revenue 445 East Capitol Ave Pierre, SD 57501