

## Motor Vehicle Fuel Tax – How Does It Apply to Biodiesel and Vegetable Oil Used in Vehicles?

This publication explains how Wisconsin fuel tax applies to the production and sale of biodiesel and recycled vegetable oil used as motor vehicle fuel.

1. Q. What is biodiesel?
  - A. Biodiesel is an alternative to petroleum diesel that is made from vegetable oils and animal fats through a process called “transesterification.” Biodiesel may be used as a pure fuel or blended with petroleum and used in any diesel engine with little or no engine modifications. Biodiesel is most often blended with petroleum diesel in ratios of 2 percent (B2), 5 percent (B5), or 20 percent (B20). It can also be used in a more pure biodiesel form (B99 or B100).
2. Q. What type of fuel is biodiesel considered for Wisconsin fuel tax purposes?
  - A. Biodiesel is considered a “motor vehicle fuel” for Wisconsin fuel tax purposes. Biodiesel falls under the definition of diesel as “liquid fuel capable of use in discrete form or as a blended component in the operation of diesel-type engines in motor vehicle...”
3. Q. Are all blends of biodiesel, including B100, subject to the Wisconsin motor vehicle fuel tax and petroleum inspection fee?
  - A. Yes. Sections 78.01 and 168.12, Wis. Stats., impose the tax and fee on all motor vehicle fuel received by a supplier for sale in this state, for sale for export to this state, or for export to this state, unless an exemption applies.
4. Q. Is recycled vegetable oil the same thing as biodiesel?
  - A. No. Raw vegetable oil does not meet biodiesel specifications and it is not registered with the Environmental Protection Agency as a legal motor fuel. For more information on biodiesel fuel, see the National Biodiesel Board's web site at [www.biodiesel.org](http://www.biodiesel.org).
5. Q. Is recycled vegetable oil and/or straight vegetable oil (SVO) sold or used in powering a motor vehicle subject to Wisconsin motor fuel tax and petroleum inspection fee?
  - A. Yes. Recycled vegetable oil and/or SVO used to power a motor vehicle is subject to the motor vehicle fuel tax and petroleum inspection fee.
6. Q. What are the motor fuel tax and petroleum inspection fee rates?
  - A. The Wisconsin excise tax on motor vehicle fuel is 30.9 cents per gallon. The petroleum inspection fee is 2 cents per gallon.
7. Q. Can biodiesel be sold without the motor vehicle fuel tax?
  - A. Biodiesel may be sold without the motor vehicle fuel tax only if it is sold as dyed biodiesel. Clear biodiesel must include the motor vehicle fuel tax.
8. Q. Do I have to register if I place biodiesel or recycled vegetable oil in a motor vehicle?
  - A. If biodiesel is being produced and sold, you must register using the Application for Fuel License, **Form MF-100**.

If biodiesel is being produced for a person's own use and is not for sale, you should register and report the tax and fee on the Blenders Fuel Report and Registration Form, **Form MF-017**.

9. Q. How do I report the motor vehicle fuel tax and petroleum inspection fee I owe if I am producing and/or selling biodiesel?
  - A. Either, report the tax and fee on Wisconsin Combined Monthly Fuel Summary Report, **Form MF-002**, or on the Blenders Fuel Report and Registration Form, **Form MF-017**.

**Example 1:** Individual A obtains used vegetable oil from restaurants or purchases SVO. Individual A puts the oil through a filtering process. Individual A uses the recycled vegetable oil or SVO in powering Individual A's licensed motor vehicle. Individual A should report and remit the Wisconsin motor vehicle fuel tax on **Form MF-017**, line 3, Column 2, based on the number of gallons of recycled vegetable oil or SVO placed in the licensed motor vehicle.

**Example 2:** Company B obtains used vegetable oil from restaurants. Company B puts the oil through a filtering process. Company B dispenses the recycled oil into Individual A's licensed motor vehicle for powering it. Company B should report and remit the Wisconsin motor vehicle fuel tax and petroleum inspection fee on **Form MF-002**, based on the number of gallons of recycled vegetable oil dispensed.

**Example 3:** Same facts as Example 2, except that rather than dispensing the oil into Individual A's licensed motor vehicle, Company B sells the oil in

55-gallon drums to Individual A. Individual A places the oil from the drum into Individual A's undyed diesel fuel bulk storage tank for use in powering Individual A's motor vehicle. Company B should report and remit the Wisconsin motor vehicle fuel tax and petroleum inspection fee on **Form MF-002**, based on the number of gallons of recycled vegetable oil sold to Individual A.

**Example 4:** Farmer C operates a mashing unit to manufacture biodiesel from harvested soybeans. Farmer C uses some of the biodiesel in powering licensed motor vehicles. Farmer C also uses some of the biodiesel in powering farm tractors. Farmer C should report and remit the Wisconsin motor vehicle fuel tax and petroleum inspection fee on **Form MF-017**, line 3, Column 2, based on the number of gallons of biodiesel placed in the licensed motor vehicles. Farmer C should report on **Form MF-017**, line 10, Column 2 the biodiesel used in farm tractors.

10. Q. What sales of biodiesel or diesel replacement renewable fuel are exempt from the motor fuel tax?
- A. The following sales of biodiesel are exempt from motor vehicle fuel tax.
- a. Biodiesel sold to the United States government or its agencies.
  - b. Undyed biodiesel sold to a common carrier for urban mass transportation of passengers.
  - c. Undyed biodiesel exported from Wisconsin.
  - d. Undyed biodiesel sold as heating oil.

- e. Undyed biodiesel sold for use in trains.
  - f. Undyed biodiesel sold on a tribal reservation to Native Americans.
  - g. Dyed biodiesel used for off-road purposes.
  - h. The first 1,000 gallons of renewable fuel produced or converted from another purpose each year by an individual and used by that individual in his or her personal motor vehicle, provided the individual does not sell any such renewable fuel during that year.
11. Q. Can I file a claim for refund for tax paid on biodiesel used off-highway?
- A. Yes. Wisconsin law provides that motor vehicle fuel is not subject to the Wisconsin motor vehicle fuel tax when it is used for off-road purposes in mobile machinery and equipment. Farmers, construction companies, and logging operations often have off-road usage of motor vehicle fuel in nonlicensed mobile machinery and equipment. Waste management, ready-mix, liquid waste (e.g., septic service), and utility companies have licensed vehicles with power take-off units that share the same fuel supply tank used to power the vehicle. These companies may claim a refund of the motor vehicle fuel tax paid on fuel placed into the vehicles and used by power take-off units.
12. Q. How do I obtain a refund?
- A. Agricultural users should file **Form MF-003W**, *Off-Road Fuel Tax Refund Claim* with the Wisconsin Department of Revenue. Claims may be filed at any time during the year, but must be filed

within 12 months from the date the fuel is purchased. Refund claims submitted must be for 100 gallons or more.

Non-agricultural users should file **Form MF-023W**, *Off-Road Fuel Tax Refund Claim*. Claims may be filed at any time during the year, but must be filed within 12 months from the date the fuel is purchased. Refund claims submitted must be for 100 gallons or more.

**Exceptions** – Refunds may NOT be claimed on fuel purchased for use in the following vehicles:

- a. Snowmobiles
- b. Recreational motorboats
- c. All-terrain vehicles, unless registered for private use
- d. Aircraft

13. Q. How do I obtain additional copies of the forms and information?

- A. Forms are available online at [www.revenue.wi.gov](http://www.revenue.wi.gov).

To register your business, file tax returns, pay taxes, and claim refunds you may visit the department at:

2135 Rimrock Road  
Madison, WI 53713

or write to:  
Wisconsin Department of Revenue  
Mail Stop 5-107  
P. O. Box 8900  
Madison, WI 53708-8900

or call:  
608-261-6435 Registration  
608-266-0064 Tax returns  
608-266-6701 Refund claims  
FAX: 608-261-7049

e-mail: [excise@revenue.wi.gov](mailto:excise@revenue.wi.gov)

### For More Information

Other helpful information regarding biodiesel can be found in the "Wisconsin Guide to Building Biofuels Facilities" at [www.energyindependence.wi.gov](http://www.energyindependence.wi.gov).

Information on federal biodiesel tax regulations can be found at [www.irs.gov/pub/irs-pdf/p510.pdf](http://www.irs.gov/pub/irs-pdf/p510.pdf)

### CAUTION

The information in this publication reflects the position of the Wisconsin Department of Revenue of laws enacted by the Wisconsin Legislature as of October 1, 2009. Laws enacted after this date, administrative rules, and court decisions may change the interpretations in this publication.