Motor Vehicle Fuel Users

Do You Owe Use Tax?

Fact Sheet 2115 **revenue.wi.gov**

This fact sheet will help determine if you owe use tax on your purchase of motor fuel as a result of receiving a Wisconsin motor vehicle fuel refund. This fact sheet replaces Publication 222 previously available on the department's website.

Fuel Purchases Subject to Wisconsin Use Tax

When you receive a refund of motor vehicle fuel tax, your purchase of the fuel is subject to use tax unless an exemption applies. Examples of fuel purchases subject to use tax if the Wisconsin motor vehicle fuel tax is refunded to you:

- Fuel used in real property construction, including road construction
- Fuel used in well drilling
- Fuel used in landscaping or logging
- Fuel used in refuse, recycling, and waste handling equipment
- Fuel used in golf carts and amusement rides
- Fuel used in all-terrain vehicles
- Fuel purchased from a seller that received an exemption certificate from the buyer, but the fuel was used in a taxable manner (e.g., fuel purchased without motor vehicle fuel tax for use in farming, but used instead in landscaping)

If the fuel is subject to Wisconsin state use tax, a county and/or city use tax is also due if the fuel is purchased in a Wisconsin county or city that has a county or city tax.

Fuel Purchases Exempt from Wisconsin Use Tax

Examples of fuel purchases exempt from use tax, even though you received a refund of Wisconsin motor vehicle fuel tax:

- Fuel consumed in machines and equipment that are used exclusively and directly in manufacturing
- Fuel used in farming
- Fuel used in logging when providing custom farming services (See page 19 in *Wisconsin Tax Bulletin 152* (July 2007))
- Fuel used in cooling (refrigeration) units by common or contract carriers
- Fuel used in mobile mixing and processing units (e.g., ready-mix units)
- Fuel used in heating a person's permanent principal residence (Does **not** include motor homes travel trailers, and recreational vehicles)
- Fuel for rail freight or other rolling stock used in railroad operations
- Fuel converted to electric energy, gas, or steam by utilities and fuel converted to steam for purposes of resale

- Fuel purchased by a Wisconsin governmental agency or local unit of government, any Wisconsin public school, university, or college, and the federal government
- Fuel purchased by nonprofit organization that holds a Certificate of Exempt Status (CES) issued by the Wisconsin Department of Revenue
- Fuel used in commercial vessels and barges of 50-ton burden or over which are primarily engaged in interstate or foreign commerce or commercial fishing
- Fuel used in taxicabs
- Vegetable oil or animal fat that's converted into motor vehicle fuel that is exempt under sec. 78.01(2n), Wis. Stats., from the vehicle fuel tax

How to Compute Use Tax

The amount subject to Wisconsin use tax on purchases of motor vehicles fuel is computed as follows:

Purchase price of motor fuel, (including shipping & handling)	$xxx
Less: Wisconsin motor vehicle fuel tax refunded	$(xx)
Less: Federal motor Fuel tax refunded	$(xx)
Amount subject to use tax	$xxx

Example: On January 3, 2022, Company ABC purchased 10,000 gallons of motor vehicle fuel and was invoiced as follows:

10,000 gallons @ $3.50 per gallon	$35,000
Wisconsin motor vehicle fuel tax	3,090
Federal motor fuel tax	2,440
Shipping	200
Total purchase price	$40,730

- Company ABC uses this motor fuel in machinery off the highway.
- On January 10, 2022, Company ABC filed a claim for refund for the $3,090 of Wisconsin motor vehicle fuel tax it paid. The refund check of $3,090 issued by the Department of Revenue was dated February 1, 2022.
- Company ABC also claimed a credit of $2,440 on its 2022 federal income tax return for the federal motor fuel tax it paid. The federal income tax return was filed by March 15, 2023.

When was Wisconsin Use Tax Due?

Company ABC's purchase of the motor fuel became subject to Wisconsin use tax on February 1, 2018, (that is, the date of the Wisconsin motor vehicle fuel tax refund check).

Computing the Tax: The amount subject to Wisconsin use tax is computed as follows:

Total purchase price of motor fuel (including shipping and handling)	$40,730
Less: Wisconsin motor vehicle fuel tax refunded	(3,090)
Federal motor fuel tax refunded	(2,440)
Amount subject to Wisconsin use tax	$35,200

How to Report Wisconsin Use Tax

When claiming a refund using Form MF-001, *Fuel Tax Refund Claim*, Section 6 allows you to calculate and remit the use tax due. The form offsets the motor fuel refund amount with your use tax liability.

Other options for paying Wisconsin use tax:

- An Individual may pay use tax on your Wisconsin income tax return. Use the line entitled "Sales and use tax due on Internet, mail order or other out-of-state purchases,"
- A business can pay use tax on its Wisconsin sales and use tax return, or
- An Individual or a business can report and pay use tax on a Wisconsin Form UT-5, *Consumer Use Tax Return*.
    - Form UT-5 must be filed by the end of the month following the calendar quarter in which the fuel became subject to Wisconsin use tax.
    - For example, if motor fuel became subject to use tax in February 2022, the use tax would be reported on Form UT-5 for the calendar quarter ending March 31, 2022. Form UT-5 must be filed by April 30, 2022.

You will avoid interest and penalties by paying use tax when its due.

Any Questions?

For more information, contact the Wisconsin Department of Revenue.

Visit our website: revenue.wi.gov

Email: DORSalesandUse@wisconsin.gov

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Applicable Laws and Rules

This document provides statements or interpretations of the following laws and regulations enacted as of April 30, 2026: ch. 77, Wis. Stats.

Laws enacted and in effect after this date, new administrative rules, and court decisions may change the interpretations in this document. Guidance issued prior to this date, that is contrary to the information in this document is superseded by this document, according to sec. 73.16(2)(a), Wis. Stats.

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