

Revenue Information Bulletin No. 06-029
July 28, 2006
Excise Taxes

Sales of Gasoline or Diesel Fuel in the Bulk Transfer/Terminal System

In accordance with La. R.S. 47: 818.13 (C), tax is imposed on the sale or transfer of gasoline or undyed diesel fuel in the bulk transfer/terminal system in Louisiana by a Louisiana supplier or permissive supplier to a person who does not hold a Louisiana supplier's or permissive supplier's license. The supplier shall collect the tax imposed from the person who orders the sale or transfer in the bulk transfer/terminal system. A bulk transfer/terminal system is a motor fuel distribution system consisting of refineries, pipelines, marine vessels, and terminals approved and licensed by the Internal Revenue Service. Motor fuel in a refinery, a pipeline, a terminal, or a marine vessel transporting motor fuel to a refinery or terminal is in the bulk transfer/terminal system provided all operators are licensed and registered as required by the Internal Revenue Service.

Based on the definition of bulk transfer/terminal system as provided in La. R.S. 47:818.2 (13), pipelines are considered to be a part of the bulk transfer/terminal system. Therefore, a tax free transaction can only occur in the pipeline if all parties involved in the transaction have valid Louisiana licenses. Otherwise, the tax is to be collected from the person ordering the sale or transfer in the bulk transfer/terminal system.

Questions concerning this matter should be directed to the Taxpayer Services Division in Baton Rouge at 225-219-7656, option 2.

Cynthia Bridges
Secretary