

## **BLENDER**

A Blender is a person engaged in the activity of making blends. A person need not be a blender to mix two or more substances which have previously been subject to the fuel excise tax. A person need not be a blender to mix two or more substances which have not been subject to the fuel excise tax if the mixed product does not result in producing a motor fuel or special fuel.

### **Who Needs a Blenders License**

A person producing a biodiesel blend is required to be licensed as a Blender. A biodiesel blend is a blended special fuel containing a minimum of five percent by volume of biodiesel.

With the 2009 South Dakota Legislative Session, it was decided to tax all Ethyl Alcohol and Methyl Alcohol at the rate of \$.08 per gallon plus the \$.02 per gallon Tank Inspection Fee. This was done because of various levels of ethanol blends now seen in the industry.

A person producing an ethanol blend and/or methanol blend is no longer required to be licensed as a Blender. An ethanol blend is a blended motor fuel containing ethyl alcohol of at least ninety-nine percent purity typically derived from agricultural products which is blended exclusively with a product commonly or commercially known or sold as gasoline.

The blending of casinghead or natural gasoline is not permitted in an ethanol blend fuel product in quantities larger than required to denature the alcohol. Notwithstanding this prohibition, a natural gasoline blended product can be made by blending natural gasoline and ethyl alcohol. The natural gasoline blended product shall contain no more than twenty-five percent of natural gasoline and shall contain no less than seventy-five percent ethyl alcohol. The natural gasoline blended product may only be further blended using gasoline.

### **Record Keeping/Acceptable Records**

To ensure that the correct amount of fuel tax is collected on all fuel used on South Dakota roads and highways, the law requires Blenders to keep detailed records of all fuel transactions and deliveries. Blenders will need these records to accurately complete tax returns and must present them to Department personnel if they are audited or have their licenses reviewed. Records are to be maintained for a period of at least 30 days at the delivery location or a location approved by the Secretary. All records must be preserved for the current year and the three preceding calendar years.

### **Purchase and Sales Records**

Licensed Blenders must keep all purchase and sales invoices which must show the following:

- The seller's name and address, which shall be machine-printed or rubber stamped;
- The purchaser's name and address;
- The date of sale and delivery of the fuel;
- The number of gallons sold and delivered to the purchaser, the type of fuel and if diesel whether it was dyed or undyed;

- The price charged per gallon;
- The amount of fuel tax or sales tax charged, if any; and
- The total amount of the sales invoice

All invoices must be prepared on NCR (no carbon required) paper with double-faced carbon so that the back of the invoice bears a carbon impression of the data on the front.

### Other Records Required of Blenders

Blenders are required to maintain records that show the total gallons of each type of previously taxed and previously untaxed fuel blended during the month. They must also maintain records on the gallons of other fuels that are blended during the month and records of biodiesel that is sold to unlicensed parties.

The Secretary of Revenue & Regulation may require other pertinent records and papers necessary for the enforcement of fuel tax laws, including purchase records, journals, ledgers, payment records and banking records.

### Payment and Reporting Schedule

All fuel tax due from a Blender must be remitted to the Department of Revenue & Regulation on or before the last day of the month following the month in which the fuel was sold. A monthly tax return must be submitted at the same time. For example, a Blender would remit all tax collected in September by October 31st. If the last day of the month falls on a Sunday or legal holiday, the tax and report are due on the next business day.



# Blender's Tax Return

**Mail** Remittance Center  
**Return To:** P.O. Box 5055  
 Sioux Falls, SD 57117-5055

Report in Whole **Gross** Gallons Only

Check here if this is an amended return

\* SEE INSTRUCTIONS ON BACK

Report in Gross Gallons

	Previously Taxed Fuel		Previously Untaxed Fuel				Total Gallons Add Columns A-E	Column G Blended Tax Rate	Column H Blended Tax Liability
	Column A Gasoline	Column B Diesel	Column C Dyed Diesel	Column D Biodiesel	Column E Other Additive in Blend	Column F			
<b>1</b> Biodiesel Blend <b>1</b>							X	\$0.22	= \$
<b>2</b> Dyed Biodiesel Blend <b>2</b>							X	\$0.00	=
<b>3</b> Other Blends <b>3</b>							X	\$0.22	= \$
<b>4</b> Biodiesel Sold to Unlicensed Parties <b>4</b>							X	\$0.22	= \$
<b>5</b> Total Gallons <b>5</b>							<b>6</b>	Total Tax Liability	=

<b>7</b> Tank Inspection Fee Due on Blended Fuels (Line 5 in Col. F X \$0.02)	<b>7</b>		<b>11</b> Subtotal: Taxes and Tank Inspection Fee Previously Paid (Add Lines 9a + 9b and Line 10)	<b>11</b>	
<b>8</b> Total Tax and Tank Inspection Fee Due (Add Lines 6 & 7)	<b>8</b>		<b>12</b> Tax Due (Subtract Line 11 From Line 8)	<b>12</b>	
<b>9a</b> Total Taxes Previously Paid for Gas (Line 5 Col. A X \$0.22)	<b>9a</b>		<b>13</b> Interest and Penalty (If filed after due date)	<b>13</b>	
<b>9b</b> Taxes Paid for Diesel (Line 5 Col. B X \$0.22)	<b>9b</b>		<b>14</b> Balance or Credit	<b>14</b>	
<b>10</b> Tank Inspection Fee on Previously Taxed Fuel (Line 5 Col. A, B+C X \$0.02)	<b>10</b>		<b>15</b> Total Remittance (Add Lines 12, 13, & 14)	<b>15</b>	

Printed Name: _____	Phone: ( ) - ext. _____	Date: _____	Title: _____
MV-594 (7/09)	I declare and affirm under penalty of perjury that this report has been examined by me, and to the best of my knowledge and belief is in all things true and correct.		Signature _____

### **Blender's Tax Return Instructions**

Line 1: Biodiesel Blend - Add Columns B and D or E. Record in Column F. Multiply Amount in Column F by Tax Rate in Column G and Record in Column H.

Line 2: Dyed Biodiesel Blend - Add Columns C and D or E. Record in Column F.

Line 3: Other Blends - Use Applicable Columns.

Line 5: Total Gallons - Add Lines 1, 2, 3, and 4 in Columns A through F.

Line 6: Total Tax Liability - Add Lines 1, 3, and 4 in Column H.

### **Definitions**

#### **Biodiesel Blend**

A blended special fuel containing a minimum of five percent by volume of biodiesel.

## Blender Return Instructions

1. Biodiesel Blend – Add Columns B and D or E. Record in Column F. Multiply amount in Column F by tax rate in column G. Record tax amount in Column H.
2. Dyed Biodiesel Blend – Add Columns C and D or E. Record in Column F.
3. Other Blends – Use applicable Columns.
4. Biodiesel gallons sold to unlicensed parties. These include entities that are not licensed as a Supplier for resale at a terminal, a Blender, or an Exporter for export. Record in Column D and F. Multiply amount in Column F by tax rate in Column G. Record tax amount in Column H.
5. Report total Gallons – Add Lines 1, 2, 3 and 4 in Columns A through F.
6. Total Tax Liability – Add Lines 1, 3 and 4 in Column H.
7. Tank Inspection Fee due on blended fuels – Multiply Line 5 in Column F by \$.02.
8. Total Tax and Tank Inspection Fee due – Add Lines 6 and 7.
- 9a. Total Taxes previously paid for Gas – Multiply Line 5 in Column A by \$.22.
- 9b. Total Taxes previously paid for Diesel – Multiply Line 5 in Column B by \$.22.
10. Total Tank Inspection Fee previously paid – Multiply Line 5 in Column A, B and C by \$.02.
11. Subtotal Taxes and Tank Inspection Fee previously paid – Add Lines 9a, 9b and 10.
12. Tax due – Subtract Line 11 from Line 8.
13. Interest and Penalty. Interest is calculated at 1.25% per month. First month is \$5 or 1.25%, whichever is greater. Penalty is calculated at 10% or \$10, whichever is greater, for filing a return late even if no tax is due.
14. Balance Due or Credit from prior reporting periods (See computer notice).
15. Total Taxes and Fees for this reporting period – Add Lines 12, 13 and add or subtract Line 14 (depending on balance due or credit).