

ETHANOL PRODUCER

An Ethanol Producer is any person who engages in the business of producing ethyl alcohol for sale, use, or distribution. Ethyl alcohol is a motor fuel typically derived from agricultural products that has been denatured.

All Ethanol Producers that sell, use, or distribute ethyl alcohol in South Dakota must be licensed. They are required to collect taxes and TI Fees for ethyl alcohol that they sell unless the ethyl alcohol is sold to a licensed Ethanol Broker or to a licensed Exporter for export.

Ethanol blend is defined as a blended motor fuel containing ethyl alcohol of at least ninety-nine percent purity, typically derived from agricultural products which are blended exclusively with a product commonly or commercially known or sold as gasoline.

The blending of casinghead is not permitted in an ethanol blend fuel product in quantities larger than required to denature the alcohol.

Marketing Companies

The majority of Ethanol Producers in South Dakota have a company that also markets the ethyl alcohol. The marketing company purchases the ethyl alcohol from the Ethanol Producer and resells it. This company will need to obtain an Ethanol Broker license.

Selling Ethanol Blends and Methanol Blends

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.

If an Ethanol Producer sells an ethanol blend or methanol blend, the bill of lading and the invoice must list the alcohol gallons and gasoline gallons separately.

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 Ethanol Producers to keep detailed records of all fuel transactions and deliveries. Ethanol Producers 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.

Fuel Sales, Purchase and Shipping Records

Licensed Ethanol Producers must keep all sales and purchase invoices in either their original format, through film retrieval or electronic media. They must also maintain shipping records that indicate the destination state for all products sold. The Consignee

must also be identified on all bills of lading. The titles “Unlisted” and/or “Unknown” are not acceptable names for the Consignee listed on the bill of lading, since the Supplier should know who is purchasing the fuel. If a shipment is going to multiple locations in a state, the title “Various” may be used on the bill of lading to identify destination cities, but the titles “Unlisted” and/or “Unknown” are not acceptable. Bills of lading will also be retained in their original format, film retrieval or electronic media.

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.

Sales Records

Licensed Ethanol Producers must keep all 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 Ethanol Producers

Ethanol Producers are required to maintain inventory records that show the total gallons on hand at the beginning of the month, the total gallons produced during the month, the total gallons sold during the month, and the total gallons remaining in storage at the end of the month. Ethanol Producers must keep records that show the total number of ethyl alcohol gallons produced out of state each month. Total gallons of natural gasoline and/or gasoline used to denature the alcohol during the reporting period are also required.

Ethanol Producers are required to keep all alcohol denaturing records. The Ethanol Producer may denature alcohol by adding gasoline or natural gasoline to it in amounts equal to at least 5 gallons of gasoline for each 95 gallons of alcohol. The alcohol may also be denatured by any other method common in the industry.

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.

Ethanol Producer Uniform Schedules of Disbursements

Uniform Schedules of Disbursements are required to be filed by Ethanol Producers with each monthly tax return. The schedule must show each individual transaction that takes place during the month. The license number of the purchaser that is entered on the

schedule must match the number that is authorized for the transaction that is taking place. For example, if the purchaser is buying the product for export, the number entered for that transaction must be the purchaser's current Exporters license number with the state. If they are just marketing the fuel, the license number must be the purchasers' current Marketers license number with the state. The correct schedule type must also be entered for each transaction.

Allowances

Ethanol Producers who properly remit tax as discussed earlier are allowed to retain an amount equal to two and one-fourth percent (2.25 percent) of the tax due on each gallon of fuel withdrawn from the rack. The Ethanol Producer may keep one-third of this amount (.75 percent) to help offset the administrative expenses involved in reporting and remitting taxes. The remaining two-thirds (1.5 percent) is passed on to the customer who withdrew the fuel.

If an Ethanol Producer is late in submitting the monthly return or remitting the taxes due, the Ethanol Producer may not retain any of the 2.25 percent allowance. If a customer is late in paying the fuel tax owed, the Ethanol Producer may retain the entire 2.25 percent allowance.

Payment and Reporting Schedule

All fuel tax due from an Ethanol Producer 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, an Ethanol Producer 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.

Ethanol Incentive Payments

Licensed Ethanol Producers may receive a production incentive payment (based on available funding) of 20 cents per gallon for ethyl alcohol that is fully distilled and produced in South Dakota. To be eligible for this payment, the ethyl alcohol must be ninety-nine percent pure, derived from agricultural products, be denatured and subsequently blended with gasoline.

Annual production incentive payments for any facility may not exceed \$1 million. No facility may receive any production incentive payments in an amount greater than \$10 million dollars.

Refunds

Ethanol Producers may obtain a refund of the taxes paid for natural gasoline and/or gasoline that is used to denature alcohol. This refund can be claimed on the Ethanol Producer tax return.



Ethanol Producer Return

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

Check here if this is an amended report

DENATURED FUEL-GRADE ALCOHOL INVENTORY & SALES

Report in Whole Gross Gallons Only

1	Total gallons of fuel-grade alcohol in producer's inventory at beginning of reporting period	1	
2	Total gallons of fuel-grade alcohol produced or upgraded during reporting period	2	
3	Subtotal gallons of fuel-grade alcohol -- Add Lines 1 and 2	3	
4	Total gallons of fuel-grade alcohol sold to licensed ethanol brokers and licensed exporters for export during reporting period -- Attach Uniform Schedule of Disbursements - Type 6a or 10	4	
5	Total gallons of taxable fuel-grade alcohol sold to parties other than licensed ethanol brokers and licensed exporters for export during reporting period -- Attach Uniform Schedule of Disbursements - Type 5	5	
6	Total gallons of fuel-grade alcohol sold during reporting period -- Add Lines 4 and 5	6	
7	Total gallons of fuel-grade alcohol remaining in inventory at end of reporting period -- Subtract Line 6 from Line 3	7	

ETHANOL PRODUCTION INCENTIVE

8	Total gallons fuel-grade alcohol sold during reporting period -- Record amount from Line 6 here	8	
9	Total gallons fuel-grade alcohol produced out-of-state	9	
10	Net gallons eligible for production payment -- Subtract Line 9 from Line 8	10	
11	Production Payment Rate	11	\$0.20
12	Production payment allowance for this reporting period -- Multiply Line 10 by Rate on Line 11	12	

TAXES AND FEES DUE

13	Allowance (If filing on time) -- Multiply Line 5 by 0.0225	13	
14	Fuel Tax Due -- Subtract Line 13 from Line 5 and multiply by \$0.08	14	
15	Tank Inspection Fee -- Multiply Line 5 by \$0.02	15	
16	Total gallons of natural gasoline used for denaturing alcohol -- Determine this from your records	16	
17	Total gallons of gasoline used for denaturing alcohol -- Determine this from your records	17	
18	Net Credit Due for gallons of gasoline and/or natural gasoline used as a denaturant -- Multiply Lines 16 & 17 by \$0.22 tax rate	18	
19	Tank Inspection Fee -- Multiply Lines 16 & 17 by \$0.02	19	
20	Total credit for this reporting period -- Add Lines 18 and 19	20	
21	Total taxes and fees for this reporting period -- Add Lines 14, 15 and subtract Line 20	21	
22	Interest and or Penalty	22	
23	Balance Due or Credit from prior records (See Computer Notice)	23	
24	Total payment due for this reporting period - Add Lines 21, 22 and add or subtract Line 23 (Depending on balance due or credit)	24	

SIGNATURE

I, _____, for the ethanol producer name on the front of this report, do hereby certify under penalty of perjury that I have examined this claim, and, to the best of my knowledge and belief, it is correct and complete. I further certify that all ethanol has been produced from agricultural products at a refinery facility located within South Dakota and that such ethanol has been denatured and meets the 99% purity requirement.

Signature

Title

Date

Ethanol Producer Return Instructions

1. Report total gallons of fuel-grade alcohol in producer's inventory at beginning of reporting period.
2. Report total gallons of fuel-grade alcohol produced or upgraded during reporting period.
3. Subtotal gallons of fuel-grade alcohol – Add Lines 1 and 2.
4. Report total gallons of fuel-grade alcohol sold to a licensed Supplier for resale at a terminal and licensed exporters for export. Attach Uniform Schedule of Disbursements – Type 6a or 6d.
5. Report total gallons of fuel-grade alcohol sold to parties other than licensed Supplier for resale at a terminal and licensed exporters for export. Attach Uniform Schedule of Disbursements – Type 5.
6. Total gallons of fuel-grade alcohol sold during reporting period – Add Lines 4 and 5.
7. Total gallons of fuel-grade alcohol remaining in inventory at end of reporting period – Subtract Line 6 from Line 3.
8. Total gallons of fuel-grade alcohol sold during reporting period – Record amount from Line 6.
9. Report total gallons of fuel-grade alcohol produced out of state.
10. Net gallons eligible for production payment – Subtract Line 9 from Line 8.
11. Production payment rate.
12. Production payment allowance for reporting period – Multiply Line 10 by Line 11.
13. Allowance on gallons of ethyl alcohol sold – Multiply Line 5 by 2.25%
14. Fuel Tax due – Multiply Line 5 by \$.08.
15. Tank Inspection Fee due – Multiply Line 5 by \$.02.
16. Report total gallons of natural gasoline used for denaturing alcohol – Determine from your records.
17. Report total gallons of gasoline used for denaturing alcohol – Determine this from your records.
18. Net tax credit due for gallons of natural gasoline and gasoline used as denaturant – Multiply Lines 16 & 17 by \$.22.
19. Net Tank Inspection Fee credit due for gallons of natural gasoline and gasoline used as denaturant – Multiply Lines 16 & 17 by \$.02.
20. Total credit for reporting period – Add Lines 18 and 19.
21. Total Taxes and Fees – Add Lines 14, 15 and subtract Line 20.
22. 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.
23. Balance Due or Credit from prior reporting periods (See computer notice).
24. Total Taxes and Fees for this reporting period – Add Lines 21, 22 and add or subtract Line 23 (depending on balance due or credit).