

VFDA Compliance Bulletin

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Vermont Taxes on Propane, Heating Oil, Kerosene and Dyed Diesel



PDLF

The 1-cent per gallon **Petroleum Distributors Licensing Fee** (PDLF) is paid on all gallons of heating oil, kerosene, and dyed diesel delivered in bulk in Vermont. Revenue from the PDLF goes to the Petroleum Cleanup Fund (PCF), which helps pay for pollution remediation and pro-active measures to reduce the occurrence of fuel spills. There are no municipal, agricultural, or manufacturing exemptions from the PDLF. The only exempt sales are those from a stationary pump and sales for re-sale. *The PDLF is NOT assessed on sales of propane.*



Fuel Tax

The 2-cent per gallon **Vermont Fuel Tax** is assessed on the sale of propane, heating oil, kerosene, and dyed diesel fuel delivered in bulk to a residence or business in Vermont. Revenue from the Fuel Tax funds the Vermont Low Income Weatherization Program. Similar to the PDLF, the Fuel Tax is not applicable on sales from a pump and sales for re-sale. There are no specific exemptions cited in the law. However, public schools, state governments, municipal governments, federal governments, and 501c-3 non-profit organizations are not considered a “residence or business” and thus not subject to the 2-cent per gallon Fuel Tax. While there is no Fuel Tax exemption form, the Vermont Tax Department has advised VFDA that a Sales Tax Exemption Certificate (Form S-3) should be filled out by the consumer and kept by the fuel seller in order to provide the basis for exemption.

6% Sales Tax

The **Vermont Sales Tax** is applied to commercial sales of heating fuel, including heating oil, kerosene, propane, coal, pellets, wood chips, and chunk wood. The tax also applies to sales of dyed diesel sold in bulk, if the fuel is for non-propulsion use. There are exemptions for dyed diesel used for manufacturing, forestry, and agricultural. Consumers should submit Form S-3F and suppliers of fuel should have the completed form on file for all exempt consumers.

Since an apartment is considered a “residence” it fits under the sales tax exemption for sales of electricity, oil, gas and other fuels used in a residence, regardless of who pays the bill. A hotel and motel is considered a business and not a residence and so would pay the 6% sales and use tax on heating fuel. In the case of mixed use buildings, the portion of fuel used to heat the residence is not taxed, while the portion used to heat the business is taxed.

Itemizing Fuel Taxes and Fees

Where applicable, the 1-cent per gallon PDLF, the 2-cent per gallon Fuel Tax, and the Vermont Sales Tax can be itemized on a delivery ticket, invoice, or statement. The PDLF should be itemized separately and labeled as a fee, not a tax. Vermont law is more specific when it comes to itemizing the Fuel Tax. Where the tax is itemized, the delivery ticket, invoice, or statement must say: *“For support of Vermont’s Low Income Home Weatherization Program.”*

Paying Taxes on Fuel

Fuel dealers are required to pay the Fuel Tax and PDLF monthly. Fuel dealers can file online at myVTax.vermont.gov or by using Tax Form FGR-615. The Vermont Sales and Use Tax is paid monthly using Tax Form SUT-451.
