



Petroleum Products and Alternative Fuels Tax Notice

Notice #17-08

April 2017

Increase in Tax Rates

Motor Fuel and Alternative Fuel Tax Rates Will Gradually Increase Over the Next Three Years

Effective July 1, 2017, Public Chapter 181, Sections 16 – 26 of the IMPROVE Act increases the gasoline, diesel, and alternative fuel tax rates over a three-year period.

Tax Rates Effective July 1, 2017

New tax rates that will become effective July 1, 2017:

- gasoline tax – 24 cents
- undyed diesel tax – 21 cents¹
- liquified gas tax – 17 cents
- compressed natural gas tax – 16 cents

Tax Rates Effective July 1, 2018

New tax rates that will become effective July 1, 2018:

- gasoline tax – 25 cents
- undyed diesel tax – 24 cents¹
- liquified gas tax – 19 cents
- compressed natural gas tax – 18 cents

Tax Rates Effective July 1, 2019

New tax rates that will become effective July 1, 2019:

- gasoline tax – 26 cents
- undyed diesel tax – 27 cents¹
- liquified gas tax – 22 cents
- compressed natural gas tax – 21 cents

Floorstock Tax

Under existing law, a floorstock tax is due when there is an increase in the gasoline and diesel tax. The floorstock tax for gasoline is due on all gasoline held in storage, both inside and outside the terminal system. The floorstock tax for undyed diesel is due on inventory held in storage outside of the bulk terminal system. The floorstock tax does not include gasoline or undyed diesel held in inventory at a retail station. The Department will provide a floorstock tax return to taxpayers to report the tax due as a result of these increases. The floorstock tax return will be due on August 25 of 2017, 2018, and 2019.

For More Information

Visit www.tn.gov/revenue. Click on Revenue Help to search for answers or to submit an information request to one of our agents.

References

Tenn. Code Ann. § 67-3-201; Tenn. Code Ann. § 67-3-202; Tenn. Code Ann. § 67-3-901; Tenn. Code Ann. § 67-3-905; Tenn. Code Ann. § 67-3-908; Tenn. Code Ann. § 67-3-912; Tenn. Code Ann. § 67-3-1102; Tenn. Code Ann. § 67-3-1113; Tenn. Code Ann. § 67-3-304; Public Chapter 181 (2017)

¹Note that the tax on dyed diesel fuel that is used by commercial carriers to produce power for a means of transportation, as defined in the Transportation Fuel Equity Act, will remain 17 cents.

Disclaimer: The information provided here is current as of the date of publication but may change as a result of new statutes, regulations, or court decisions. While this notice is intended to be comprehensive, events and situations unanticipated by this notice may occur. In such cases you should contact the department or your tax professional for further guidance.