



Petroleum Products and Alternative Fuels Tax Notice

Notice #17-13

June 2017

Inventory Subject to the Floorstock Tax

Floorstock Tax

Effective July 1, 2017, the IMPROVE Act (Public Chapter 181, Sections 16 – 26) increases the gasoline, diesel, and alternative fuel tax rates over a three-year period. See Notice 17-08 for more information.

When there is an increase in gasoline or diesel tax, existing Tennessee law requires that a floorstock tax be paid.

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 should be calculated using the inventory held in storage at the close of business on June 30 of 2017, 2018, and 2019.

Inventory at a Retail Station

The floorstock tax does not include gasoline or diesel held in inventory at a retail station or held by end users.

A retail station is an outlet dispensing gas or diesel through a computer-type pump. A "computer-type pump" is defined by statute as "a pump used to dispense fuel, that has meters for registering the total sales price and gallons sold, and displays the price per gallon on the dispenser."

Inventory Subject to the Floorstock Tax

Gasoline and undyed diesel held in a tank with anything other than a computer-type pump is subject to the floorstock tax.

If gasoline or undyed diesel is held in a storage tank that has both a computer-type pump and some other type of pump that does not meet the definition of a computer-type pump, a percentage of the inventory may be excluded from the floorstock tax.

To calculate the percentage of inventory subject to the floorstock tax, divide the gallons sold through the computer-type pump by total gallons sold from this tank during the month of June 2017, 2018, and 2019.

Multiply the percentage of computer-type pump sales by the inventory in the tank at the close of business on June 30, 2017, 2018, and 2019. Subtract this from the gallons in inventory to arrive at the gallons subject to the floorstock tax.

The Department will provide a floorstock tax return to taxpayers to report the tax due as a result of the gasoline and diesel tax increases. Proper records should be maintained to support the information reported on the return.

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. § 67-3-103, Tenn. Code Ann. § 67-3-304, Tenn. Code Ann. § 67-3-511

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.