

Special Notice

Intended audience: taxpayers reporting hazardous substance tax

June 13, 2019

Hazardous substance tax change for petroleum products

Hazardous substance tax (HST) applies to the first possession of certain designated substances, including petroleum products, in Washington. Starting July 1, 2019, petroleum products are subject to HST based on the product's volume (by barrel) rather than the wholesale value of the product.

Products subject to HST that are not petroleum products are not impacted by the law change. Those products remain subject to HST at a rate of 0.7% (.007) multiplied by the wholesale value.

Rates effective July 1, 2019

- **products taxed by barrel:** \$1.09 per barrel (42 gallons)
- **products not taxed by barrel:** 0.7% (.007) multiplied by the wholesale value of the product (includes petroleum products not easily measured by the barrel)

Note: Beginning July 1, 2020, the per barrel rate on petroleum products will be adjusted for inflation on July 1 each year.

Exclusions from the 'per barrel' petroleum products tax rate

Some petroleum products can't be easily measured by the barrel, so the Department of Revenue has published guidelines that exclude certain petroleum products from the new per barrel rate. Excluded products are instead subject to HST at a rate of 0.7% (.007) multiplied by the wholesale value.

The guidelines for what products are excluded can be found on our [HST page](#).

Note: These guidelines don't provide specific instructions for every petroleum product. If you have questions about a product that aren't answered in the guidelines, you can [Request a tax ruling](#).

How to report HST on petroleum products

- *Hazardous Substance Tax by Volume* (line code 81) - petroleum products subject to HST on a per barrel basis.
- *Hazardous Substance Tax by Value* (line code 65) - petroleum products not easily measured on a per barrel basis.

Additional information

See [ESSB 5993 \(2019\)](#) and [RCW 82.21.030\(1\)\(d\)](#) for more information.

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