



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MARCH 11, 2010

Petroleum Products Tax Suspension

Why is the Petroleum Products Tax suspended?

The Petroleum Products Tax (PPT) is suspended when the balance in the trust account exceeds \$15 million. The PPT is re-imposed when the trust account balance falls below \$7.5 million. Suspensions and re-impositions occur on the first day of a calendar quarter. Effective April 1, 2010, the PPT will be suspended, as the balance has exceeded the \$15 million and will be re-imposed when the trust account balance falls below \$7.5 million. Note: The PPT is reported on the Washington's Combined Excise Tax Return. The line will be shaded on returns during the suspension period.

What is the petroleum products tax?

The PPT is a tax imposed on the first possession of a petroleum product in Washington. PPT revenues are dedicated to a trust account that funds the Pollution Liability Insurance Trust Account.

What is a petroleum product?

"Petroleum product" includes plant condensate, lubricating oil, gasoline, aviation fuel, kerosene, diesel motor fuel, benzol, fuel oil, residual oil, and every other product derived from the refining of crude oil. Crude oil or liquefiable gases are not "petroleum products." For further information, see WAC 458-20-252.

Who must pay PPT?

The PPT is imposed on the first person possessing the petroleum product in Washington.

What is "possession"?

"Possession" is the control of a petroleum product, and includes both actual and constructive possession.

- "Actual possession" occurs when the person with control has physical possession.
- "Constructive possession" occurs when the person with control does not have actual physical possession.
- "Control" means the power to sell or use, or to authorize the sale or use of another.

What affect will the suspension of the PPT have?

This means that a person first possessing a petroleum product in Washington on or after April 1, 2010, and until the suspension period ends, will not owe PPT on that possession.

Downstream purchases of PPT

Sales invoices for downstream purchases of petroleum products may reflect a line item charge for PPT. This listing should not be interpreted as imposing the PPT as a separate charge to the purchaser. The seller may be simply identifying PPT that was paid by the first possessor before April 1, 2010. If you feel that the PPT is listed on the invoice in error, you should contact the seller.

Historical impositions and suspension

Since 1989, the PPT has been through the following impositions and suspensions:

Imposed

July 1, 1989 – June 30, 1993

July 1, 2003 – June 30, 2004

July 1, 2009 – March 31, 2010

Suspended

July 1, 1993 – June 30, 2003

July 1, 2004 – June 30, 2009

April 1, 2010 –

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