



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

MAY 6, 2015

Petroleum Products Tax re-imposed

Effective July 1, 2015

Beginning July 1, 2015, Washington's Petroleum Products Tax will be reinstated to fund the Pollution Liability Insurance Trust Account.

Petroleum products include plant condensate, lubricating oil, gasoline, aviation fuel, kerosene, diesel motor fuel, benzol, fuel oil, residual oil, and every other product derived from refining crude oil. Crude oil or liquefiable gases are not "petroleum products." For further information, see RCW 82.23A.010.

Tax imposed when fund value drops

State law requires re-imposing the tax when the trust account balance falls below \$7.5 million. The tax is suspended when the balance is over \$15 million or on July 1, 2020, when the tax expires. Suspensions and re-impositions occur on the first day of a calendar quarter.

Calculating the tax

The current tax rate for tax is .003 (0.3 percent).

The tax is calculated based on the wholesale value at the time of first nonbulk possession in Washington. For petroleum products introduced at the rack, the wholesale value is determined when it is removed at the rack, unless the removal is to an exporter or for direct delivery to a destination outside of Washington.

Under the law, possession means control of the petroleum product and includes both actual and constructive possession.

The tax is reported on the Washington Combined Excise Tax Return. The line will be shaded when the tax is suspended.

Subsequent purchases of petroleum products

After the first possession, the tax liability is satisfied. Sales invoices for subsequent purchases of petroleum products may reflect a line item charge for the tax. In these cases, the seller is simply showing that the tax was paid. Any successive possession of a previously taxed petroleum product is exempt from the imposition of the tax, but this tax can be itemized and passed on.

Contact the seller if you feel the tax is listed on your invoice in error.

Historical impositions and suspensions

Since 1989, the tax 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

July 1, 2015 –

Suspended

July 1, 1993 – June 30, 2003

July 1, 2004 – June 30, 2009

April 1, 2010 – June 30, 2015