



10 | 15 | 18

IRS announces waiver of dyed fuel penalty in Florida due to Hurricane Michael

IR-2018-200

The Internal Revenue Service (IRS), in response to shortages of undyed diesel fuel caused by Hurricane Michael, will not impose a penalty when dyed diesel fuel is sold for use or used on the highway in emergency response vehicles in the State of Florida.

This relief is effective as of October 12, 2018. Consistent with the Environmental Protection Agency (EPA) limited waiver for Florida regarding use of Non-Road Diesel Locomotive and Marine Fuel for use in emergency response vehicles, this relief will remain in effect through October 26, 2018.

This penalty relief is available to any person that sells or uses dyed fuel for highway use. In the case of the operator of the vehicle in which the dyed fuel is used, the relief is available only if the operator or the person selling the fuel pays the tax of 24.4 cents per gallon that is normally applied to diesel fuel for highway use. The IRS will not impose penalties for failure to make semimonthly deposits of this tax. [IRS Publication 510, Excise Taxes](#), has information on the proper method for reporting and paying the tax.

Ordinarily, dyed diesel fuel is not taxed, because it is sold for uses exempt from excise tax, such as to farmers for farming purposes, for home heating use and to local governments for buses.

Also, consistent with the EPA waiver, this waiver does not apply to the Internal Revenue Code penalty for using adulterated fuels that do not comply with applicable EPA regulations. Consequently, diesel fuel with sulfur content higher than 15 parts-per-million may not be used in highway vehicles.

The IRS is closely monitoring the situation and will provide additional relief as needed.