

## IRS Processing Delays of Federal Motor Fuel Excise Tax Claims

### Issue Background

Energy marketers are experiencing renewed delays in the processing of federal motor fuel excise tax (FET) ultimate vendor claims (Form 8849) for sales of clear, tax-excluded diesel fuel to state and local governments. These delays are creating cash-flow and operational challenges for small business marketers nationwide.

Late last year, EMA members across the country reported a significant slowdown in IRS processing times for these claims. Prolonged delays place financial strain on small business energy marketers, who rely on timely refunds to maintain day-to-day operations and working capital.

In response to member reports, the Energy Marketers of America sent a formal letter to Treasury Secretary Scott Bessent in his role as then Acting Commissioner of the IRS. The letter highlighted the backlog, detailed its impact on small business marketers, and urged the Service to restore timely claims processing as quickly as possible.

### IRS Response

The Internal Revenue Service has now replied directly to EMA. In its response, the Service acknowledged that resource constraints were the primary cause of the backlog in processing Form 8849 claims. To resolve the issue, the IRS has reallocated staff from other operations to focus specifically on the excise claim inventory and implemented several process improvements designed to shorten processing times. Based on current claim volumes, the IRS expects to clear its backlog and return to normal processing schedules by May.

### Impact on EMA Members

While the IRS's commitment is a positive step forward, many marketers continue to face serious cash-flow pressure due to outstanding claims. Small businesses are especially vulnerable, as extended refund timelines can disrupt operations and hinder their ability to efficiently serve state and local government customers.

### "The Ask"

With motor fuel prices at historic levels, EMA urges lawmakers to immediately contact the IRS to help resolve this backlog and ensure timely processing of these critical claims.

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