



## COMPLIANCE BULLETIN

December 31, 2020

---

### 2021 FEDERAL MOTOR FUEL EXCISE TAX RATES

---

EMA Contact: Mark S. Morgan, Regulatory Counsel [mmorgan@emamerica.org](mailto:mmorgan@emamerica.org)

#### WHAT'S NEW

**Oil Spill Liability Tax Extended** - The federal Oil Spill Liability Tax (OSLT) set to expire on December 31, 2020 is extended through December 31, 2025. Refiners pay the \$0.09 cents per barrel of crude oil tax and pass it down the distribution chain as a cost. OSLT is a **cost** and not a **tax** below the refinery gate.

**Alternative Fuel Mixture Credit Extended** - The federal Alternative Fuel Mixture Credit set to expire on December 31, 2020 is extended through December 31, 2021. The credit is 50 cents per gallon of alternative fuel used to produce a mixture containing at least 0.1% gasoline, diesel, or kerosene. Qualified alternative fuels are liquefied hydrogen, P-Series fuel, liquid fuel derived from coal through the Fischer-Tropsch process, and liquid fuel derived from biomass.

**Expiration of COVID-19 Commercial Aviation Kerosene Tax Holiday** - The 4.4 cpg federal excise tax for kerosene used in commercial aviation is reinstated on January 1, 2021.

#### 2021 FEDERAL MOTOR FUEL EXCISE TAX RATES

Rates below **include** the 1/10<sup>th</sup> cpg non-refundable LUST tax imposed on **all** liquid fuels.

Product	Rate	Cents Per/Gal
Gasoline	\$ .184	18.4 cpg
Gasoline (removed for alcohol blending)	\$ .184	18.4 cpg
Alcohol (for use in downstream gasoline blending)	\$ .184	18.4 cpg
Aviation Gasoline	\$ .194	19.4 cpg
<hr/>		
Biodiesel Blender's Credit	\$1.00	100.0 cpg
Alternative Fuel Mixture Credit	\$0.50	50.0 cpg
<hr/>		
Heating Oil	\$ .001	1/10 <sup>th</sup> cpg
Diesel (clear)	\$ .244	24.4 cpg
Diesel (dyed)	\$ .001	1/10 <sup>th</sup> cpg
Diesel (dyed used in trains)*	\$ .001	1/10 <sup>th</sup> cpg
Diesel (removed for blending with biodiesel)	\$ .244	24.4 cpg
Diesel (used in certain intercity and local buses)	\$0.17	17.0 cpg
Biodiesel (removed for blending with diesel)	\$ .244	24.4 cpg

Kerosene (clear)	\$ .244	24.4	cpg
Kerosene (dyed)	\$.001	1/10 <sup>th</sup>	cpg
Kerosene (clear - non-commercial aviation)**	\$.219	21.9	cpg
Kerosene (clear - for use in non-taxable aviation)	\$.001	1/10 <sup>th</sup>	cpg
Kerosene (clear - for use in commercial aviation not foreign trade)	\$.044	4.4	cpg

---

#### Alternative Fuels - On Highway Use in a Motor Vehicle

Propane (liquefied propane gas) (gasoline gallon equivalent)***	\$ .183	18.3	cpg
Compressed Natural Gas (CNG) (gasoline gallon equivalent)***	\$ .183	18.3	cpg
Liquefied Natural Gas (diesel fuel gallon equivalent)***	\$ .243	24.3	cpg
"P" Series Fuels	\$ .184	18.4	cpg
Liquefied Fuel (derived from biomass)	\$ .244	24.4	cpg

---

#### Oil Spill Liability Tax

The \$0.09 cents per barrel of crude OSLT is expressed in cents per gallon (CPG) on finished product is as follows:

Finished Product	Oil Spill Liability Tax cpg
Diesel Fuel	\$0.002143 cpg
Biodiesel 5%	\$0.002036 cpg
Biodiesel 20%	\$0.001714 cpg
Gasoline 100%	\$0.002143 cpg
Gasoline E10	\$0.001929 cpg

The OSLT is paid by refiners and passed down as a cost to downstream parties. There is no requirement to break out the OSLT on product transfer documents, bids or invoices.

---

#### Notes

\*This tax is paid by the railroads, NOT by the ultimate vendor.

\*\* Marketers pay \$.244 cpg at the rack, user's rate is \$.219. Ultimate vendor claim is \$.025 cpg. The ultimate vendor is the only party that can make the claim for 2.5 cpg. Ultimate vendor must have a certificate from the ultimate purchaser verifying the fuel is used for non-commercial aviation. Ultimate vendor must have an IRS 637 UA registration to file claim.

\*\*\*For taxation purposes, one gasoline gallon equivalent (GGE) is equal to 5.75 pounds (lbs.) of propane and 5.66 lbs. of CNG. One diesel gallon equivalence (DGE) is equal to 6.06 lbs. of LNG. (Reference 26 U.S. Code 4041 and 4081).