

# STATE OF ARIZONA

ARIZONA DEPARTMENT OF TRANSPORTATION

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## **SUPPLIER INFORMATIONAL MANUAL FOR**

- **MOTOR VEHICLE FUEL**

- **USE FUEL**

- **AVIATION FUEL**

(FORM 120)

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2003



ARIZONA DEPARTMENT OF TRANSPORTATION  
Motor Vehicle Division, Motor Carrier & Tax Services Program

# ARIZONA LICENSED SUPPLIER INFORMATIONAL INCLUDING REPORTING FORM INSTRUCTIONS

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# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## PART 1. GENERAL INFORMATION

**INTRODUCTION:** The Arizona Revised Statutes, (ARS) identify the Arizona laws and requirements for supplier operations and taxing responsibilities in the State of Arizona, in Title 28, Chapter 16, Sections §28-5601 et seq., for Motor Fuel Taxes and §28-6001 plus ARS Title 49, Chapter 6, Section §49-1001 et seq., for Underground Storage Tank Tax.

**It is illegal to operate as a supplier in the State of Arizona without a Supplier License.**

**If you cease operations in Arizona, you must notify the Department in writing and return your supplier license.**

**TAX EVASION:** If you have any information or questions relating to fuel tax compliance, fuel tax evasion, tax fraud, and fuel alteration, contact Arizona Department of Transportation, Motor Vehicle Division, Tax Evasion Unit at (602) 712-4313 or 1-877-AzFuels (1-877-293-8357) or www.AzFUELS.com. Any information received will be maintained as confidential information.

The Arizona Department of Transportation (ADOT) has created a Fuel Tax Evasion Unit, joining with other states and federal jurisdictions in an effort to combat fuel tax evasion and fraudulent tax reporting. Arizona is participating in federal and state tax compliance programs through association with Multi-state Task Forces, Federation of Tax Administrators (FTA), and the U.S. Department of Transportation, Federal Highway Administration (FHWA).

**CONFIDENTIALITY:** Any exchange of information is within the confidentiality statutes. Taxpayer information is considered confidential pursuant to the provisions of ARS §28-5935 & §28-5936.

**TAXPAYER ASSISTANCE:** For taxpayer assistance regarding supplier issues contact:

Audits	Phone (602) 712-8300
Bond Requirements	Phone (602) 712-8727
License Applications	Phone (602) 712-8727
Monthly Supplier Report processing	Phone (602) 712-8481, 8498, 8919
Refunds	Phone (602) 712-8727 Phone (602) 712-8696 Phone (602) 712-4390
Taxpayer Billing Notices	Phone (602) 712-8745

## OTHER AGENCIES AND PRIVATE ORGANIZATIONS:

Arizona Corporation Commission Information	(602) 542-3076
Toll Free	(800) 345-5819
Certificates of Good Standing	(602) 542-4786
Arizona Department of Environmental Quality (ADEQ)	(602) 771-4837
Arizona Weights and Measures	(602) 255-5211
Internal Revenue Service (Federal Excise Tax)	(602) 207-8448
(637 Registration)	(602) 207-8446
Office of the Navajo Tax Commission (ONTC)	(928) 871-6681
PO Box 1903	
Window Rock, AZ 86515	
<b>Private Organizations:</b>	
Arizona Motor Transport Association	(602) 252-7559
Arizona Petroleum Marketers	(480) 460-9016

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

**TAX REPORTS:** Arizona licensed suppliers are required by the ARS to file complete monthly tax reports with the ADOT on or before the twenty-seventh day of each month following the month of the supplier's collection activity. If the 27th day is a Saturday, Sunday or a State of Arizona approved holiday, the report must be filed no later than the next business day.

All suppliers are required to file:

- |   |          |
|---|----------|
| 1. Monthly Arizona Supplier Tax Report        | FORM 120 |
| 2. Underground Storage Tanks (UST) Tax Report | FORM 130 |

All supporting schedules with load-by-load detail where indicated must be included for each type of activity engaged in, in order for a report to be considered complete.

**Reports must be filed even though there is no activity for the month.** If there is no activity for the type of fuel, write **NONE** on the applicable column on Schedule 1. Do not include supporting schedules when there is no activity.

**NOTICE OF CHANGE:** ARS §28-5635 states that when a supplier ceases to engage in business as a supplier within the state by reason of the discontinuance, sale, or transfer of the business, the supplier shall notify the director in writing AT LEAST TEN DAYS PRIOR to the time the discontinuance, sale or transfer takes effect.

Arizona licensed suppliers are responsible for notifying the ADOT of any changes in their operations or entity status effecting their license, reporting status, or records on file with the ADOT.

Including:

- Change of name and/or address and/or business location.
- Change of legal status, ownership, officers, and/or directors.
- Change of bonding status, and/or requirements.
- Tax Report Preparer/Contact Person

## PAYMENT/REFUNDS

**Payment:** Any supplier that owed \$20,000 or more in motor fuel taxes for the preceding tax year is required to use electronic funds transfer (EFT). Arizona Administrative Code R17-1-401 et seq. A supplier that is not required to pay using EFT may elect to voluntarily pay using wishing EFT and should contact the Department for more information.

**If paying by electronic funds transfer (EFT), Form 120, Schedules 1 and 7 must be sent electronically through the Bank of America web site or by fax to 602.712.3230, no later than the first business day after the payment due date. (usually the 28<sup>th</sup>.) The entire report including supporting schedules should be mailed and must be postmarked timely.**

**Refunds:** Arizona is a pay and refund state. Dyed diesel and qualified alternative fuels (bio-diesel is not an alternative fuel in Arizona) are the only fuels that are sold without the collection of tax. Refunds must be requested for exempt usage.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## PART 2. KEY REQUIREMENTS

**TAX REPORTING:** All suppliers are required to file tax reports each month for Motor Fuels and Underground Storage Tanks (UST). Reports must be filed even though there is no activity for the month. If there is no activity for a type of fuel, write NONE on the face of Schedule 1.

All motor fuel activities are to be reported in the correct calendar month. For pipeline receivers, the receipt date is the activity date as shown on the pipeline report.

Tax on Aviation, Motor Vehicle, and Use Fuel, as well as the UST (Underground Storage Tank) Tax is collected at the time the fuel leaves the bulk transfer terminal system (“breaks bulk”) or is imported into the state by truck, railroad car or other means. The tax is collected by the Arizona licensed “supplier” or “permissive supplier”.

A “*supplier blanket election*” provides that a licensed supplier may elect, and a licensed permissive supplier shall, treat all removals from all of its terminals, both in state and out-of-state with an Arizona destination, as if the removals were across the rack from a terminal within this state. This election allows an out of state supplier to enter into an agreement with the State for the purpose of collecting the state tax on fuel that is distributed in or destined for Arizona. The licensed suppliers who have made this election, and all licensed permissive suppliers, will report these sales as tax due dispositions on Schedule # 5, and Schedule #1 line (9). The destination state is as shown on the terminal-issued shipping paper or bill of lading. A full explanation can be found in ARS §28-5636 .

A distributor that is not required to be licensed as a supplier may be required to be licensed as a “*Restricted Distributor*” to report the movement of gasoline within or out of Arizona counties. Refer to ARS 28-5625 for detailed requirements.

**Fuel disposition between Arizona licensed suppliers:** The tax on aviation, motor vehicle or use fuel must be included on the invoice either shown as a separate item or noted as being included in the price of the fuel when the fuel breaks bulk at the rack in Arizona, or when the fuel breaks bulk in another state from a permissive supplier and the fuel enters Arizona by truck or rail. Transactions for above the rack transfers or two-party exchanges between licensed suppliers pursuant to Arizona Revised Statutes are the only circumstances where tax is not part of the cost of aviation, motor vehicle or use fuel.

**Late Filing Fees, Penalty, and Interest:** The following penalties and interest are assessed for late filing of reports and/or late payment of taxes:

1. A late filing fee of \$25.00 for each report.
2. Late payment penalty of 5% of the tax due for Motor Vehicle Fuel, Use Fuel, Aviation Fuel and UST.
3. Interest of 1% per month on the tax due amount, based on the number of months or the portion of a month the tax has not been paid.

## RECORD KEEPING

**Records Required:** Each Arizona licensed supplier of motor vehicle fuel, aviation fuel, and use fuel is required to maintain, and keep records of all fuel received, acquired, used, sold and delivered within this state by the supplier. Records must be maintained at least until the later of three years after a report is required to be filed or three years after the report is actually filed. These records shall include, but are not limited to, the amount of tax paid as part of the purchase price of the fuel, copies of monthly supplier reports filed, invoices, bills of lading, ledgers, journals, financial statements, and other business and accounting records.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

**GENERAL REPORTING INSTRUCTIONS:** Read all instructions carefully. If you need assistance in completing the monthly report or supporting schedules, contact the offices as listed on page 2 under Taxpayer Assistance. The monthly supplier tax reports are completed and filed under penalty of perjury that the information is true and correct to the best of your knowledge.

Monthly tax reports are required:

- a) To be completed in full, including applicable supporting schedules.
- b) To include the month and year of the report.
- c) To include your Arizona supplier name and account number.
- d) To be signed and dated.
- e) To include your tax payment or indicate Electronic Funds Transfer (EFT).
- f) To be filed as a zero report if no Arizona operations occurred in the report period. (supporting schedules are not required for a zero report).
- g) To report to the nearest whole cent. Rounding to the nearest dollar is not allowed.
- h) To submit all schedules in numerical order.

**Pipeline and Terminal Transfers.** Three types of pipeline/terminal activities, (1) pipeline transfers, (2) terminal bulk transfers, and (3) two-party exchanges, are of concern in the tax reporting system. Pipeline transfers and terminal bulk transfers are activities occurring above the rack and prior to the fuel “breaking bulk”. These are transfers between companies prior to any Arizona taxable activity. Since these activities are above the rack, there is no tax consequence at that point. There is no reporting required on the Arizona supplier monthly tax report for activity within the pipeline and prior to receipt by the position holder at the terminal storage.

**Terminal Bulk Transfers** are considered as in-tank transfers between position holders above the rack in the storage terminal. Reporting on the terminal bulk transfers, or in-tank transfers, is only required on Schedule 10 - Inventory in order for the State to reconcile fuel inventories with the terminals. Do not report these terminal bulk transfers on Schedule 1. These are not the same as “two-party exchanges”.

**Two-party Exchanges** occur at the time the fuel breaks bulk at the rack, when fuel is transferred and moved across the terminal rack from one licensed supplier or permissive supplier to a second licensed supplier or permissive supplier. The terminal operator in its records treats the receiving exchange party as the supplier for tax reporting purposes. Reporting is required by both parties participating in a two-party exchange. The position holder at the pipeline selling the fuel must report the sale as an exchange on the monthly fuel tax report. The receiving supplier must report the receipt of the fuel as an exchange and a tax due disposition on their monthly fuel tax report.

Correct reporting of the two-party exchange is very important to properly account for the tax liability. The two-party exchange is further explained in the Schedule 4 instructions.

**Jet Fuel** is a kerosene type fuel, or blends of gasoline, distillate, and residual oils, which are used as fuel for gas turbine powered aircraft. Jet fuel is only reported by the Arizona supplier if the supplier blends the jet fuel into a taxable product. For information regarding other State and Federal excise taxes on jet fuel, contact the Arizona Department of Revenue and/or the Internal Revenue Service.

**Racing Fuel** is non-taxable and should not be included on the supplier tax reports. As defined under ARS §28-101 (31) (Definitions), motor vehicle fuel does not include inflammable liquids that are specifically manufactured for racing motor vehicles and that are distributed for and used by racing motor vehicles at a racetrack.

**Alternative Fuels** are fuels that are specifically defined in ARS 1-215. These specifically identified fuels are not subject to tax or to reporting. **Bio-diesel is not recognized as an alternative fuel in Arizona and is therefore subject to tax as a use fuel under Arizona Law.**

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## PRODUCT CODE LIST

The supplier must report fuel activity by the three major fuel types - aviation gas, motor vehicle fuel (gasoline) and use fuel (diesel). Any required product code sorting must be done by these major fuel types.

Detailed product codes and blending agents as listed below are encouraged to be used on the various supplier monthly report schedules.

The product codes represent a standardization of the Federal Tax Administration's (FTA) Motor Fuel Tax Section Uniformity Committee of the various fuel product types. This code system will establish uniformity in the fuel products as reported on various state's tax reports.

<u>Product Type</u>	<u>Code</u>	<u>Product Type</u>	<u>Code</u>
Alcohol	123	Liquid Natural Gas	225
<b>Aviation Gasoline</b>	<b>125</b>	Low Sulfur Diesel #1	161
Bio-diesel, undyed (clear)	284		
Bio-diesel, dyed	290		
Blending Components	122	<b>Low Sulfur Diesel #2</b>	<b>167</b>
Compressed Natural gas	224	Low Sulfur Diesel - Dye Added	227
Ethanol	241	Methanol	243
Gasohol	124	No. I Fuel Oil	150
<b>Gasoline</b>	<b>65</b>	No. I Diesel - Dye Added	231
High Sulfur Diesel-Dye Added	226	Propane	54
Jet Fuel	130	Residual Fuel Oil	175
Kerosene	142	Undefined products	092

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## PART 3: FORM INSTRUCTIONS - ARIZONA SUPPLIER FUEL TAX REPORT

### FORM 120 - Schedule 1

**IDENTIFYING INFORMATION: Licensee Name, Account Number, and FEIN:** Enter the name and account number of the supplier as shown on the supplier's license. Enter Federal Employer Identification Number (FEIN).

**CHANGE NOTICE:** Check the appropriate box if this is an amended report, or if name and/or address of the licensee have changed. **If you have ceased operations and you are filing a final report, you must also notify ADOT in writing and return your supplier's license.**

**GENERAL INSTRUCTIONS:** Monthly reports are to be postmarked on or before the twenty-seventh day of the calendar month following the calendar month covered by the report. If the 27th is a Saturday, Sunday or a State of Arizona approved holiday, the report must be postmarked on or before the next business day. Inactivity or failure to receive a reporting form does not relieve the supplier from filing. If no activity occurred, write NONE across the front. Complete this report monthly in every detail. Attach all needed supporting schedules.

**If paying by electronic funds transfer (EFT), Form 120, Schedules 1 and 7 must be sent electronically through the Bank of America web site or by fax to 602.712.3230, no later than the first business day after the payment due date. (usually the 28<sup>th</sup>.) The entire report including supporting schedules should be mailed and must be postmarked timely.**

In addition to this report, all suppliers must file a UST report.

Each report must cover a calendar month and must include all transactions for that calendar month. **Unreported transactions from the past reporting months must be reported by amending the prior reports.** Do not include late transactions in the current tax report.

Sub-schedules can be used under each schedule if additional space is needed. Sub-schedules must equal the total of the corresponding major schedule. Aviation, Motor Vehicle Fuel, and Use Fuel information should be reported separately, on supporting schedules as noted. Schedule information is then brought forward to Schedule 1.

Inventory control reporting is required for Arizona based suppliers.

#### **Line by line instructions - Schedule 1:**

- 1. Receipts : Pipeline/Other Acquisitions -** Enter the Totals from Schedule 2A, fuel coming into terminal storage via the pipeline or other related systems. Also show any dyed diesel acquisitions from Schedule 2E on this line.
- 2. Receipts: Tax Due - by Truck/Rail -** Enter the Totals from Schedule 2B. Fuel coming into Arizona via truck or rail car upon which the tax has **not** been collected by another supplier.
- 3. Receipts: Tax Paid - by Truck/Rail -** Enter the Totals from Schedule 2C. Fuel acquired via truck or rail car upon which the tax **has been collected** by another supplier.
- 4. Receipts: Acquisitions for the Navajo Nation –** Enter the Totals from Schedule 2D. Only fuel that is going to stay on the Navajo Nation should be entered here.
- 5. Blending: At the Rack -** Enter the Totals from Schedule 3A for additive blending occurring at the rack when the fuel breaks bulk and which is to be included in total gallons on line 9.
- 6. Blending: Below the Rack -** Enter the Totals from Schedule 3B for additives blended into a product after the fuel has crossed the rack and broken bulk. Generally, this would represent the untaxed fuel additive that is added to fuel upon which tax has already been collected.
- 7. Two Party Exchanges -** Enter the Totals from Schedule 4. Two Party Exchanges are exchanges between two licensed suppliers at the time the fuel breaks bulk at the terminal rack and the receiving supplier elects to collect, report and remit the fuel taxes to the state.

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- 8. Dispositions: Tax Paid Gallons** - Enter the Totals from Schedule 5A, tax paid gallons reported by a supplier that have been purchased from a supplier or permissive supplier and the tax has already been collected.
- 9. Dispositions: Tax Due Gallons** - Enter the Totals from Schedule 5B and 5C. This line reflects those gallons sold by a supplier as a position holder at the pipeline or brought into the state by truck without tax having been collected or taxable gallons based on a two party exchange.  
  
In addition, any dyed diesel sales to qualifying school buses or city transit systems subject to tax should be included on this line at \$.26 per gallon for reporting purposes only. Fuel will be sold at \$.18 to qualifying entities. Adjustment is shown on Line 23. Proper documentation must be kept to support taxable sales of dyed diesel.
- 10. Dispositions: MVF** - Enter the Total from Schedule 7. This amount should also equal the total of schedules 5A and 5B for **motor vehicle fuel (gasoline)**.
- 11. Dispositions: Navajo Nation Deliveries** - Enter the Totals from Schedule 5D. These totals should only reflect fuel sold on the Navajo Reservation and upon which Navajo Fuel Tax has been paid. **No sales to other Indian Tribes are allowed to be shown on this line.**
- 12. Dispositions: Non-Taxable Dyed Diesel.** Enter the total from Schedule 6 for sales of non-taxable dyed diesel. Proper documentation must accompany all dispositions of dyed diesel.
- 13. Taxable Gallons:** Add lines 2 plus 6 plus 9 to arrive at taxable gallons. Tax is due with this report for these gallons.
- 14. Tax for Each Fuel Type** - Calculate tax for each applicable fuel type as indicated. Line 13 multiplied by the applicable tax rate. **AV GAS @ \$0.05/GAL., MVF @ \$0.18/GAL., Use Fuel, including taxable dyed diesel @ \$0.26/GAL.**
- 15. Total Tax for all Fuel types** - Add line 14 columns together to arrive at a total tax.
- 16. Bad Debt Allowance** - Enter the Total from Schedule 9. Add in any recapture of bad debt taken in a prior period, but later collected. Subtract any applicable bad debt allowance.
- 17. Collection Allowance** - Enter the Total from Schedule 8. Subtract Collection Allowance. Calculated as 4/10 of 1% of the net of lines 15 and 16, not to exceed \$200,000 for a calendar year.
- 18. Credit From Prior Activity** - Subtract any credit balance from prior periods. Enter Tax Return line 24 prior period credit balance, if any, and only if there was no application for refund submitted.
- 19. Net Tax Due** - Calculate Net Total Due (line 15 + or- 16 - 17 - 18).
- 20. Late Fee** - Add \$25.00 for late filed returns.
- 21. Penalty** - Add 5% of net tax due (line 19) for late filed, late paid returns.
- 22. Interest** - Add 1% of net tax due (line 19) per month, or fraction thereof, for late paid returns.
- 23. Diesel Differential Adjustment** - Licensed suppliers may claim a credit adjustment for use fuel sold at supplier owned vending locations to qualifying purchasers as a negative amount on this line. **Credit claim form for the 8¢ adjustment must be attached.** If credit form is not attached, or the refund claim is denied in whole or in part, a billing will be sent subject to a 5% penalty, and 12% annual interest for late/under payment.  
  
**For taxable dyed diesel, an 8¢ adjustment should also be shown on this line.** Qualifying school bus and city transit bus dyed diesel fuel purchases are subject to tax at 18¢ per gallon. No other adjustments are allowed. **Credit claim form for the 8¢ adjustment must be attached.**
- 24. Amount Due** - Enter the sum of lines 19 - 23. This amount should reflect total due. The remittance must equal this amount. If paying by EFT, check box and enter date paid.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SUPPORTING SCHEDULES:

FOR ALL FUEL TYPES - See detailed instructions for completion of these schedules. Totals from supporting schedules should equal amounts reported on Schedule 1 for each type of activity.

Please use the proper supporting schedule for each fuel type as indicated on the schedule

- SCHEDULE 2A - Schedule of RECEIPTS – Pipeline or other Acquisitions
- SCHEDULE 2B - Schedule of RECEIPTS – Tax due by truck/rail
- SCHEDULE 2C - Schedule of RECEIPTS – Tax Paid by truck/rail
- SCHEDULE 2D - Schedule of Acquisitions for THE NAVAJO NATION .
- SCHEDULE 2E - Schedule of Acquisitions of Dyed Diesel
- SCHEDULE 3A - Schedule of BLENDING At the Rack
- SCHEDULE 3B - Schedule of BLENDING Below the Rack.
- SCHEDULE 4 - Schedule of TWO PARTY EXCHANGES.
- SCHEDULE 5A - Schedule of DISPOSITIONS – Tax Paid Gallons
- SCHEDULE 5B -.Schedule of DISPOSITIONS – Tax Due Gallons
- SCHEDULE 5C - Schedule of DISPOSITIONS – Taxable Dyed Diesel
- SCHEDULE 5D - Dispositions ON THE NAVAJO NATION RESERVATION
- SCHEDULE 6 - Dispositions of NON-TAXABLE DYED DIESEL
- SCHEDULE 7 - Recap of MOTOR VEHICLE FUEL DISPOSITIONS BY COUNTY CODE.
- SCHEDULE 8 - Worksheet for COLLECTION ALLOWANCE.
- SCHEDULE 9 - Worksheet for BAD DEBT ALLOWANCE.
- SCHEDULE 10 - INVENTORY

**NOTE: There are multiple Schedules 2A through 2D and 5A, B and D for all of the three (3) major fuel types. (Aviation Gas, Motor Vehicle Fuel (gasoline or gasoline blends) and Use Fuel.)**

**Use a separate schedule for each fuel type and/or sub-total from any applicable supporting sub-schedules.**

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE 2 - SCHEDULE OF RECEIPTS

- A. PIPELINE/OTHER ACQUISITIONS**
- B. TAX DUE - BY TRUCK/RAIL**
- C. TAX PAID - BY TRUCK/RAIL**
- D. ACQUISITIONS FOR THE NAVAJO NATION**
- E. ACQUISITIONS OF DYED DIESEL**

**GENERAL INSTRUCTIONS:** A licensed supplier or permissive supplier must complete this schedule in detail for gallons received at the pipeline, for gallons imported into this state by truck or rail car and for other applicable acquisitions. For pipeline transactions, the licensed supplier or permissive supplier is the Position Holder who is licensed under Section 4101 of the United States Internal Revenue Code. For truck or rail transport of fuel upon which the tax has not been collected, generally in interstate transactions, a licensed supplier is the title holder/owner in whose name the fuel is being transported. All shipments of fuel are to be reported in the month of the import (receipt). For pipeline receivers the shipment date is the activity date.

Complete report on a **load-by-load** basis. List each acquisition of product on a separate line. Each type of acquisition should be subtotaled by fuel type, (aviation, motor vehicle and liquid use fuel). Sort by seller, transportation mode, and receipt date. Use a separate schedule to report receipts by type of acquisition and fuel type.

**A separate Schedule 2 should be prepared for each applicable type of acquisition (A, B, C, or D) and by fuel type.** Please note applicable type of acquisition on supporting sub-schedules.

### COLUMN INSTRUCTIONS:

To comply with FTA uniformity guidelines, the Column numbers may not be in sequential order.

**Column (1): Carrier Name** - Enter the Name of the company that transported the product.

**Column (3): Mode of Transport** - Enter the mode of transportation. Use one of the following:

J = Truck            R = Rail            PL = Pipeline  
BA = Book Adjustment (Reclassification of product type)  
Transfers in the pipeline are not subject to reporting.

**Column (4): Point of Origin/Destination** - Enter the location from/to which the product was transported. When withdrawn from or delivered into a terminal, use uniform terminal codes. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

**Column (5) & (6): Acquired From/Seller's FEIN** - Enter the name and FEIN of the company selling the product.

**Column (7): Date Received** - Enter the date the product was received or the pipeline activity date.

**Column (8): Document Number** - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading.) For pipeline shipments, enter the pipeline activity number.

**Column (9): Invoiced Gallons** - Enter gallons as billed on an invoice by a supplier. Enter the amount of gallons received and invoiced. Enter totals from this schedule to Schedule 1, line 1, 2, or 3.

**Column (12): Product Code** - Enter the applicable Code.

**See next page for Schedule 2D instructions.**

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## SCHEDULE 2 D - SCHEDULE OF RECEIPTS FOR ALL FUEL DELIVERED TO THE NAVAJO NATION RESERVATION

**IDENTIFYING INFORMATION: Licensee Name, Arizona Account Number, Office of the Navajo Tax Commission (ONTC) License Number and FEIN:** Enter the name and account number of the supplier as shown on the supplier's license. Enter the ONTC license number. Enter Federal Employer Identification Number (FEIN).

**GENERAL INSTRUCTIONS:** The licensed supplier or permissive supplier must complete this schedule in detail for gallons imported directly into the Navajo Nation Reservation by truck or rail car. A licensed supplier is the title holder/owner in whose name the fuel is being transported. All shipments of fuel are to be reported in the month of the import (receipt).

List each acquisition of product on a separate line and on a load-by-load basis, sorted by the seller, transportation mode, and receipt date. Each fuel type, (aviation, motor vehicle, and use fuel) should be subtotaled. The applicable subtotal is carried forward to the appropriate Column on Schedule 1, line 4.

**SHOW ALL RECEIPTS TO BE DELIVERED TO THE NAVAJO NATION. This schedule is to be used for all fuel intended to be transported to the Navajo Nation regardless of origin.** Example: You pick up 10,000 gallons of fuel at the pipeline in Phoenix destined for the Navajo Nation and you pick up 10,000 gallons in New Mexico destined for the Navajo Nation, all 20,000 gallons will be reported on Schedule 2D. Schedule 5B will show 10,000 gallons of fuel as taxed and 5D will show 10,000 gallons of fuel as untaxed if the fuel was delivered directly onto the reservation.

### COLUMN INSTRUCTIONS:

To comply with FTA uniformity guidelines, the Column numbers may not be in sequential order.

**Column (1): Carrier Name** - Enter the Name of the company that transported the product.

**Column (3): Mode of Transport** - Enter the mode of transportation. Use one of the following:

J = Truck                      R = Rail

BA = Book Adjustment (Reclassification of product type)

**Column (4): Point of Origin/Destination** - Enter the location the product was transported from/to. When withdrawn from or delivered into a terminal, use uniform terminal codes. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

**Column (5) & (6): Acquired From/Seller's FEIN** - Enter the name and FEIN of the company from which the product was acquired.

**Column (7): Date Received** - Enter the date the product was received.

**Column (8): Document Number** - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading.)

**Column (9): Invoiced Gallons** - Enter gallons as billed on an invoice by a supplier. Enter the amount of gallons received and invoiced. Enter totals from this schedule to schedule 1, line 4.

**Column (12): Product Code** - Enter the applicable Code.

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## SCHEDULE - 3 BLENDING SCHEDULE

- A. AT THE RACK
- B. BELOW THE RACK

**GENERAL INSTRUCTIONS:** Suppliers who blend or compound non-taxed and/or taxed products must complete this schedule.

A blending schedule must be prepared for fuel that is taxed at the rack (Schedule A). A separate schedule must be prepared for blending fuel upon which the tax has not been collected with fuel upon which the tax has been collected. (Schedule B - Below the Rack)

Each type of acquisition should be subtotaled by fuel type: aviation, motor vehicle and use fuel. The applicable subtotal is then carried forward to the appropriate line on Schedule 1.

### COLUMN INSTRUCTIONS

**Column (1): Name of Added Product** - Enter the name of the product added into each type of fuel.

**Column (2) & (3): Supplier's Name/Supplier's FEIN** - Enter the name and FEIN of the company supplying the product to your company.

**Column (4): Blended Gallons** - Enter amount of net gallons. Enter the total gallons from this schedule to Schedule 1, line 5 or 6.

**Column (5): Receiving Product** - Enter product name after blending.

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## SCHEDULE 4 - SCHEDULE OF TWO PARTY EXCHANGES

**GENERAL INSTRUCTIONS:** This form must be prepared by any licensed supplier who acquires or distributes shipments of Aviation Fuel, Motor Vehicle Fuel or Use Fuel, in a Two Party Exchange. Two-party exchanges occur at the time the fuel breaks bulk at the rack. **There is a tax consequence at this point and reporting is required by both parties participating in a two-party exchange.** Correct reporting of the two-party exchange is very important in that the tax liability is being transferred from the position holder distributing the fuel at the rack to the party receiving the fuel at the rack.

"Two party exchange" means a transaction:

- a) In which Motor Fuel, is transferred from one licensed supplier or licensed permissive supplier to another licensed supplier or licensed permissive supplier.
- b) That includes a transfer from the person that holds the original inventory position for Motor Fuel in the terminal as reflected on the records of the terminal operator.
- c) That is simultaneous with removal from the terminal by the receiving exchange party.
- d) In which the terminal operator in the terminal operator's books and records treats the receiving exchange party as the supplier that removes the product across a terminal rack for purposes of reporting the events to the Department. *ARS §28-5601.35*

Complete the report on a load-by-load basis. List each "two party" acquisition, or "two party" disposition of product on a **separate line**. Sort by fuel type (Aviation, Motor Vehicle Fuel, and Use Fuel). Also sort by seller's name, transportation mode, and receipt date.

The purpose of this schedule is to report the exchanges of fuel at the rack at the time the fuel breaks bulk. Both receiving and distributing of fuel is reported on this form. The receiving entity will be liable for the tax collection and reporting to the state in a Two Party Exchange. Only licensed suppliers may enter into a Two-Party Exchange. Both parties must have written confirmation on file of the agreement between the suppliers to enter into a two-party exchange.

**The receiving supplier in a two-party exchange must also report these gallons as tax-due gallons on Schedule 5B or if the fuel was received out of state and qualifies to be delivered onto the Navajo Nation without collection of the Arizona tax, then the gallons will be reported on the Navajo Nation - Schedule 5D.**

### COLUMN INSTRUCTIONS

**REPORT ACQUISITIONS AS POSITIVE AMOUNTS.**

**REPORT DISPOSITIONS AS NEGATIVE AMOUNTS.**

**Column (1): Community Storage** - Enter Terminal Code.

**Column (2): Acquired From/Distributed To:** Enter the party the fuel was acquired from or the party the fuel was distributed to in a two-party exchange.

**Column (3): Second Party FEIN** - Enter the FEIN of the other party to the transaction.

**Column (4): Date of Transaction.**

**Column (5): Document Number** - Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading.)

**Column (6): Gallons - Enter Gallons transferred.** Enter total net gallons from this schedule to Schedule 1, line 7.

**Column (7): Product Code** - Enter the applicable Code.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE - 5 SCHEDULE OF FUEL DISPOSITIONS

- A. TAX PAID GALLONS
- B. TAX DUE GALLONS
- C. DYED DIESEL GALLONS
- D. DISPOSITIONS ON THE NAVAJO NATION RESERVATION

**GENERAL INSTRUCTIONS:** Sales or dispositions of fuel by a licensed supplier must be reported on this schedule. Complete report on a load-by-load basis. List each sale of product on a separate line.

Use a separate schedule for each major product type. (Aviation Gas, Motor Vehicle Fuel, Use Fuel) For Motor Vehicle fuel sort by 1) county code, 3) purchaser name, and 4) date of sale. For all other fuel types sort by 1) purchaser name and 2) date of sale.

When a truckload has multiple delivery locations within the same county, the sales may be reported as "various" under Columns 4, 5 and 6 (for motor vehicle fuel, only if within the same county). All other information on the load must be reported. Supporting documentation must be kept in detail for these transactions.

There are no provisions on the tax report form for the supplier to report a tax credit for tax paid fuel exported from Arizona. The supplier must file a refund claim with the Arizona Department of Transportation for refund of fuel tax paid on exports. A licensed supplier or permissive supplier has three (3) years from the date of purchase or invoice of the fuel to apply for refund for exports. (ARS 28-5613)

The totals from each schedule 5 are to be carried forward to the appropriate line on Schedule 1. A separate Schedule 5 should be prepared for each type of disposition (A, B, C or D) by fuel type.

### IMPORTANT

Schedule 5B should include taxable gallons being exported from Arizona onto the Navajo Nation. If fuel is purchased within Arizona, the selling supplier must collect the tax. If the fuel is delivered onto the Navajo Reservation, the delivering supplier must be licensed with the Navajo Nation, report and pay applicable taxes and submit a refund request to the Arizona Department of Transportation for refund of any Arizona taxes paid on the fuel. The fuel will be treated as an export.

Schedule 5D is to be used for the disposition of fuel upon which tax was not collected for fuel purchased in another state and where importation was only to the Navajo Reservation. A supplier who imported fuel into Arizona and later transported to the Navajo Nation, must remit the appropriate tax to ADOT.

Totals shown from Schedule 2D should tie to the totals for Navajo Nation activity on both Schedule 5B and Schedule 5D. Example: You pick up 10,000 gallons of fuel at the pipeline in Phoenix destined for the Navajo Nation and you pick up 10,000 gallons in New Mexico destined for the Navajo Nation, all 20,000 gallons will be reported on Schedule 2D. Schedule 5B will show 10,000 gallons of fuel as taxed and 5D will show 10,000 gallons of untaxed if the fuel was delivered directly onto the reservation.

When reporting sales onto the Navajo Nation on Schedule 5B, report the sale as a county code 99 as an export.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE - 5 SCHEDULE OF FUEL DISPOSITIONS Continued

**CHANGE:** Suppliers must now report county code for each load on the Schedule 5 dispositions. County code includes codes #1 – 15 for each county in Arizona (in alphabetical order – See Schedule 7) and codes 96 - 99 for types of dispositions where county of destination may not be known.

**#96** – purchase at terminal rack by a non-licensed entity where county of destination is unknown

**#97** – all sales to restricted distributors. See updated list of licensed restricted distributors.

**#98** – sales to other suppliers – See updated list of licensed suppliers.

**#99** – fuel to be exported to another state or dispositions shown on Schedule 5B to the Navajo Nation.

### COLUMN INSTRUCTIONS

**Column (1): Carrier Information** - Enter the Name of the company that transported the product.

**Column (3): Mode of Transport** - Enter the mode of transportation. Use one of the following:

J = Truck                      R = Rail

BA = Book Adjustment (Reclassification of product type)

Transfers in the pipeline are not subject to reporting.

**Column (4): Point of Origin** - Enter the location where fuel was loaded; or the city and state if shipment is a direct tax-paid delivery from an out-of-state facility. (Refinery. Storage, etc.) If the product was withdrawn from a terminal, enter the uniform terminal code. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

**Point of Destination** - Enter the Arizona city where the shipment was delivered.

**Column (5): Purchaser's Name** - Enter the name of the Arizona licensed supplier, restricted distributor or other purchaser to whom product was sold.

**Column (6): Purchaser's FEIN** - Enter the FEIN of the purchaser.

**Column (7): Date Removed** - Enter the date the product was removed from bulk storage.

**Column (8): Document Number**- Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading.) For pipeline shipments, enter the pipeline activity number.

**Column (9): County Code for Schedule 5A or 5B for motor vehicle fuel (gasoline) only.** Enter code for county of fuel destination (#1 – 15). If fuel is sold at the rack to another supplier (#98), a restricted distributor (#97) or for export to another state or to the Navajo Nation (#99). If fuel is sold at the rack to an unlicensed entity and you do not know the county of destination, report that sale as code #96.

**Column (10): Invoiced Gallons** - Enter the net amount of gallons removed from bulk storage. Enter total gallons from this schedule to Schedule 1, line 8, 9, 10 or 11.

**Column (12): Product Code** - Enter the applicable Code.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE 6 – NON-TAXABLE DYED DIESEL DISPOSITIONS

**GENERAL INSTRUCTIONS:** Sales or dispositions of dyed diesel fuel by a licensed supplier must be reported on this schedule. Complete report on a load-by-load basis. Sort by purchaser name, date of sale, When a truckload has multiple delivery locations, the sales may be reported as "various" under Columns 4, 5 and 6. All other information on the load must be reported. Supporting documentation must be kept in detail for these transactions.

### COLUMN INSTRUCTIONS

To comply with FTA uniformity guidelines, the column numbers are not necessarily in a sequential order.

**Column (1): Carrier Information** - Enter the Name of the company that transported the product.

**Column (3): Mode of Transport** - Enter the mode of transportation. Use one of the following:

J = Truck                      R = Rail

BA = Book Adjustment (Reclassification of product type)

Transfers in the pipeline are not subject to reporting.

**Column (4): Point of Origin** - Enter the location where fuel was loaded; or the city and state if shipment is a direct tax-paid delivery from an out-of-state facility. (Refinery, Storage, etc.) If the product was withdrawn from a terminal, enter the uniform terminal code. Obtain the uniform terminal code from the terminal operator. If unable to do so, enter the physical address of the terminal location.

**Point of Destination** - Enter the Arizona city where the shipment was delivered.

**Column (5): Purchaser's Name** - Enter the name of the Arizona licensed supplier or other purchaser to whom product was sold.

**Column (6): Purchaser's FEIN** - Enter the FEIN of the purchaser.

**Column (7): Date Removed** - Enter the date the product was removed from bulk storage.

**Column (8): Document ID Number-** Enter the identifying number from the document issued at the terminal when product is removed over the rack. (often referred to as the bill of lading.) For pipeline shipments, enter the pipeline activity number.

**Column (9): Invoiced Gallons** - Enter the net amount of gallons removed from bulk storage. Enter total gallons from this schedule to Schedule 1, line 12.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE - 7      RECAP OF MOTOR VEHICLE FUEL (GASOLINE) SALES BY COUNTY CODE

**GENERAL INSTRUCTIONS:** This schedule will be used to show totals by county code as reported on Schedules 5A and 5B for **gasoline (Motor Vehicle Fuel)**.

Schedule #7 is a supporting schedule for supplier tax reporting. Sales by county are required for distribution of appropriate tax revenues to the individual cities and counties. **HURF (Highway User Revenue Fund) depends on the accuracy of Schedule 7 information to make the correct distributions of revenues.**

**Motor Vehicle Fuel (gasoline) taxes** are distributed to the various cities and counties in Arizona in the proportion that the sale or use of fuel in each county bears to the total sales or use of fuel throughout the state. **Report sales in the correct month:** The supplier should report the Motor Vehicle Fuel in the month the distribution actually takes place.

**Report all sales or dispositions of motor vehicle fuel on this schedule from activity reported on Schedule(s) 5A – Motor Vehicle Fuel/Gasoline and 5B – Motor Vehicle Fuel/Gasoline. Report sales to Retailers or end consumers by county. (Code 1 – 15) Report sales to Restricted Distributors, other Suppliers or sales for export in total by category. (Code 97 – 99). Report sales to unlicensed entities where you do not know the destination county, under Code 96.**

**REPORT your sales in an Arizona county utilizing the DELIVERY ADDRESS. DO NOT use mailing address or the billing address of your customer for determining county allocation.**

### Navajo Nation:

- Deliveries to the Navajo Nation Reservation from Schedule 5D will not be reported on Schedule 7. These gallons are included on the report filed with ADOT by the Office of the Navajo Tax Commission.
- Taxed sales reported on Schedule 5B which are delivered to the Navajo Nation will be shown under county code #99 as exports.

### General guidelines for the Arizona Supplier and Permissive Supplier to use in reporting Motor Vehicle Fuel (GASOLINE) on Schedule #7.

- The Arizona supplier and permissive supplier are to report on Schedule #7 all Motor Vehicle Fuel (gasoline) tax paid and tax due dispositions.
- Report all Motor Vehicle Fuel (gasoline) gallons to the destination county based on the customers delivery address.
- Do not use the mailing or billing address of your customer for determining county allocations.
- Motor vehicle fuel (gasoline) is the only fuel to be reported on the county distribution Schedule #7. Do not include gallons for other fuels such as aviation gas, diesel fuel, or dyed diesel.
- Gallons by county should be all sales of Motor Vehicle Fuel (gasoline) to retailers and end consumers. Sales to suppliers, sales for export, sales to restricted distributors and sales to unlicensed entities where the county is unknown are also to be reported.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE 7 FORM INSTRUCTIONS - CONTINUED

**Reporting sales under the correct code:** It is of utmost importance that gasoline sales be reported in the correct county code.

- **Sales to a retail location or an end user that is not a supplier or a restricted distributor or for export** – report under county code #1 – 15 by county of destination.
- **Sales to other “suppliers”** - the selling supplier will report all sales to other suppliers under code 98.
- **Sales to “restricted distributors”** - all sales will be reported as code 97.
- **Sales to an unlicensed entity where the county is unknown** - report as a code 96.

### COLUMN INSTRUCTIONS:

**County Code/ County Name** - Select appropriate county where the fuel was delivered.

**Column (1): Gallons Delivered** - Enter net gallons sold for each county from Schedule 5A Motor Vehicle Fuel.

**Column (2): Gallons Delivered** - Enter net gallons sold for each county from Schedule 5B Motor Vehicle Fuel.

**Column (3): Total columns (1) and (2).**

**Lines 96, 97, 98 and 99:** Enter subtotals for each category as reported on Schedules 5A and 5B.

**Total from Schedule 5A Motor Vehicle Fuel and 5B Motor Vehicle fuel** should correspond to amounts reported on Lines 8, 9 and 10 of Schedule 1.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE - 8 COLLECTION ALLOWANCE

This schedule is intended to be a carry forward worksheet to track the allowable maximum collection allowance to be taken by the licensed supplier. The collection allowance is 4/10 of a percent (.004) of reported taxes collected for all fuel types, but not to exceed \$200,000 for a calendar year. The collection allowance can only be taken on a timely filed and timely paid report. If the report is late or full payment is not made before the due date of the return, the collection allowance will be denied.

### Line Instructions:

- Line 1:** In the first reporting period, this line will be zero. In each succeeding reporting period, this line will be the line 5 from the prior period.
- Line 2:** Tax Liability This Period: From Schedule 1: Line 15, total of the tax for all fuel types, minus Line 16, bad debt allowance taken this period.
- Line 3:** Report any bad debt recapture from a prior period.
- Line 4:** Add lines 2 and 3, multiply the total by .004.
- Line 5:** Add lines 1 and 4. Carry this figure forward to next months return, line 1.
- Line 6:** If line 5 is equal to, or less than, 200,000 enter the amount from line 4. If line 1 is less than 200,000, and line 5 is greater than 200,000, subtract line 1 from 200,000 and enter the difference. Enter the resultant amount on line 17 of Schedule 1.

## SCHEDULE - 9 BAD DEBT ALLOWANCE

In order for the supplier to take a bad debt allowance, there must be a credit memo issued by the Motor Vehicle Division authorizing the validity of the bad debt. When claiming the allowance the supplier will enter the date and number of the credit memo as well as the purchaser's name and amount claimed. Any recapture of bad debt allowance previously taken should also be reported on this schedule.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## SCHEDULE - 10 PHYSICAL INVENTORY – ALL FUEL TYPES & BLENDING STOCKS

**GENERAL INSTRUCTIONS:** Arizona licensed suppliers who have Arizona storage must prepare and maintain a monthly written inventory reconciliation. Acquisitions and dispositions are to be recorded at **temperature corrected** net gallons. Inventory at each location must be recorded **by fuel type**. Physical inventories shall be taken of all fuel on hand at the close of the last business day of each calendar month, and must be reconciled with book inventories. The inventory reconciliation will be supported by the following information:

1. By product, the number and size of tanks.
2. Stick reading by tank and product.
3. Number of gallons by tank and product.
4. Date and time of taking of the physical inventory.
5. Accounting period cut off for disposition and acquisitions.
6. Conversion chart for tank volumes.

Physical inventory measurements may vary from book inventory. These differences should be minor in nature. When gains and losses exceed those associated with temperature corrections, the book and physical inventory should be reconciled in a more detailed manner. Losses would tend to indicate unrecorded sales and/or unrecorded withdrawals from the storage facilities. Gains would tend to indicate unrecorded acquisitions and/or unrecorded deposits into the storage facilities.

All efforts must be made to identify gains and losses. Credit for losses can be obtained if documents are provided to show that the inventory loss was a non-taxable activity. Report any losses of tax paid fuel due to either contamination, storage tank accidents (fire, theft, etc.) or other accident by submitting a refund request separate from the tax report. The refund request must include documentation supporting the fuel loss, and documentation in the form of invoices supporting the tax payment for the number of gallons of fuel for which the refund is claimed.

Each type of activity should be subtotaled by fuel type: aviation, motor vehicle and liquid use fuel

All of the following information must be completed on Schedule 10. However, totals will not be carried forward to Schedule 1.

### COLUMN INSTRUCTIONS

- Column (1): Beginning Inventory** - Enter beginning of the month physical inventory.
- Column (2): Acquisitions** - Enter net gallons acquired during the month.
- Column (3): Bulk Terminal Transfers** - Show additions as debits & reductions as credits.
- Column (4): Total Blending**- Enter net gallons of added product.
- Column (5): Two Party Exchanges** - Show additions as debits & reductions as credits.
- Column (6): Total Dispositions** - Enter net gallons sold, transferred and/or exchanged.
- Column (7): Book Inventory** - Enter the sum of columns 1 through 5, minus column 6.
- Column (8): Ending physical inventory** - Enter end of the month amount of actual product on hand. Attach explanation for any gains or losses in inventory balances between book inventory and physical inventory.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## PART 4 - SUPPLIER LICENSING REQUIREMENTS:

The Arizona Revised Statutes define the following regarding licensing to do business and collect the Arizona Fuel Tax:

A “Supplier”:

1. *Means a person who is registered pursuant to Section 4101 of the United States Internal Revenue Code for transactions in motor fuels in the bulk transfer terminal distribution system and who is one of the following:*
  - a. *The position holder in a terminal or refinery in this state.*
  - b. *A person who imports motor fuel into this state from a foreign country.*
  - c. *A person who acquires motor fuel from a terminal or refinery in this state from a position holder pursuant to a two-party exchange.*
  - d. *The position holder in a terminal or refinery outside this state with respect to motor fuel that that person imports into this state on the account of that person.*
2. *Includes a permissive supplier unless specifically provided otherwise. Supplier does not include a terminal operator merely because the terminal operator handles motor fuel consigned to the terminal operator within a terminal.*

A “Permissive Supplier” means an out-of-state supplier that elects, but is not required, to have a supplier's license pursuant to this article [article 1].

A person who acts as a distributor and who possesses motor fuel on which fuel taxes have not been accrued or collected by a supplier shall be licensed as a supplier.

**It is illegal to operate as a supplier in the State of Arizona without a supplier license.** It is unlawful for a supplier to import, receive, use, sell or distribute aviation, motor vehicle or use fuel or to engage in business in this state as a supplier, unless the supplier has a license issued by the Arizona Department of Transportation. Any person acting as a supplier or distributor must be licensed by the State under the provisions of A.R.S. §28-5627.

**A person wishing to engage in business as a permissive supplier or a supplier within this state shall apply for an Arizona supplier license from the ADOT. An application must be filed with the Department and approved prior to an Arizona supplier license being issued.**

## APPLICATION PROCEDURE:

1. **Application:** To procure an Arizona supplier license, an application form must be requested and filed as prescribed by the director.
2. **Fee:** A filing fee of \$50.00 must be included with the application.
3. **Bond:** A bond must be filed with the filing of the application. The bond shall be on a form approved by the director, with a surety company authorized by the Arizona Corporation Commission to transact business in Arizona as a surety. The bond shall equal two times the director's estimate of the supplier's monthly license tax. The total amount of the bond required of a supplier shall never be less than five thousand (\$5,000), nor more than one million dollars (\$1,000,000).
4. **Certificate of Good Standing:**
  - a. Corporations must obtain a Certificate of Good Standing from the Arizona Corporation Commission showing that the corporation is licensed to transact business in Arizona. This **original** certificate must be included with the application for a supplier license.
  - b. Limited Liability Companies – Same as Corporations.
  - c. Partnerships – Must obtain an approved Application for Authority from the Arizona Secretary of State's Office. The **original** document must be included with the application for a supplier license.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## EXAMINATION OF RECORDS:

ARS §28-5620 provides that the director, or any deputy, employee or agent authorized by the director, may examine, during usual business hours, records, books, papers, storage tanks and any other equipment of a person to:

1. Verify the truth and accuracy of any statement, report, return or claim;
2. Ascertain whether the tax imposed has been collected and transmitted to the state;
3. Determine the financial responsibility of the supplier for the collection of the taxes imposed;
4. Determine the validity of a refund.

The following business and accounting records are normally maintained in business operations and may be requested and reviewed during audit. This list is not meant to be all-inclusive. ADOT may use other information and records during an audit or other tax administrative action.

### • **Business Records When Applicable**

1. Copies of a) Corporate charter and current annual report filed with the Arizona Corporation Commission, Partnership agreements or Statement of Sole Proprietorship.
2. Listing of corporate officers and titles.
3. Listing of every d.b.a., and all closely related businesses and/or subsidiaries.
  - a) Purchase agreements for subsidiaries and related businesses.
  - b) Listing of officers of subsidiaries and related companies.
4. Listing of business locations.
5. Listing of company banks and bank account numbers.
6. Copies of Arizona Sales/Use Tax returns.
7. Copies of Federal and Arizona Income Tax returns.
8. Copies of UST reports filed with the Arizona Department of Environmental Quality (ADEQ).

### • **Accounting Records**

1. Copies of monthly Motor Fuel, and UST tax reports and all work papers used in preparing monthly tax reports.
2. All books, records, and statements concerning the payment of the applicable taxes, acquisitions, dispositions, and inventories of Use Fuel (UF), Motor Vehicle Fuel (MVF), and Aviation Fuel (AV). This includes, but is not limited to:
  - a) General Ledgers.
  - b) Purchase and Sales Journals.
  - c) Financial statements.
  - d) Fuel inventory reconciliation.
  - e) Fuel purchase invoices and bills of lading.
  - f) Pump and/or rack tickets.
  - g) Delivery tickets for fuel acquisitions.
  - h) Refinery billings.
  - i) Customer sales invoices, bills of lading, dispatch sheets, shipping & delivery records.
  - j) Fuel customer bills.
  - k) Freight bills.
  - l) Monthly bank account statements including canceled checks, wire transfer documents, bank signatory authorization, etc.
3. Listing of fuel suppliers.
4. Listing of fuel customers including the customer delivery locations.
5. Copies of quarterly Federal Form 720 and related attachments.
6. Copies of the most current financial statements (Certified Financial Statement, when available).
7. Copies of related use fuel and motor vehicle fuel supplier reports filed or required by other states.
8. Copies of Navajo Nation (ONTC) fuel reports.

# ARIZONA LICENSED SUPPLIER INFORMATIONAL

## GLOSSARY OF TERMS

ACCOUNTABLE PRODUCT	Any product which is subject to the reporting requirements of the State of Arizona regardless of its intended usage or taxability.
ADDITIVES	A chemical added to petroleum products to enhance certain characteristics or to give them other desirable properties (i.e., adding tetraethyl lead to gasoline to improve its anti-knocking quality).
ADMINISTRATIVE HEARING	Proceeding giving a taxpayer due process regarding an action taken by the Arizona Department of Transportation.
AVIATION FUEL	Flammable liquids composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating an internal combustion engine for use in an aircraft but does not include fuel for jet or turbine powered aircraft.
BARREL	Equivalent of 42 U.S. gallons used as bulk petroleum measurements.
BIO-DIESEL	A diesel fuel substitute that is produced from non-petroleum renewable resources.
BLENDING	The mixing of one or more products, regardless of the original character of the product blended, if the product obtained by the blending is capable of use or otherwise sold for use in the generation of power for the propulsion of a motor vehicle, aircraft or watercraft. Does not include blending that occurs in the process of refining by the original refiner of crude petroleum or the blending of products known as lubricating oil and greases.
BREAKING BULK	The point where the fuel leaves the bulk transfer terminal system at the rack and is subsequently transported via truck or rail.
BULK PLANT	A fuel storage and distribution facility that is not a terminal and from which fuel may be removed at a rack.
BULK TRANSFER	Any transfer of fuel from one location to another by pipeline tender or marine delivery within the bulk transfer terminal system.
BULK TRANSFER TERMINAL SYSTEM	Fuel distribution system consisting of refineries, pipelines, vessels and terminals. Fuel in a refinery, pipeline, marine vessel or terminal is in the bulk transfer terminal system.
COUNTY CODE	Reporting codes by county #1 – 15 or by category #96 – 99. See schedule 5 or 7 instructions for details.
CREDIT	A prepayment or overpayment of tax due.
DESTINATION STATE	The state, territory, foreign country or sovereign nation to which any reportable motor fuel is directed for delivery into any storage facility, receptacle, container, or any type of transportation equipment, for purpose of resale or use.
DIESEL MOTOR FUEL	Any liquid fuel capable of use in discrete form or as a blend component in the operation of engines of the diesel type in motor vehicle, including number 1 and number 2 fuel oils except that K-1 kerosene shall not be considered to be diesel motor fuel unless blended with diesel for use in motor vehicle with a diesel type of engine.

## ARIZONA LICENSED SUPPLIER INFORMATIONAL

DISTRIBUTOR	A person who acquires fuel from a supplier or another distributor for subsequent sale or use and who may blend, import into or export from this state but excludes a person who imports fuel in the fuel tank of a motor vehicle or aircraft.
DYED DIESEL FUEL	Diesel fuel that is required to be dyed pursuant to U.S. EPA regulations or that is dyed pursuant to U.S. Internal Revenue Service regulations or pursuant to any requirements subsequently set by the U.S. EPA or U.S. Internal Revenue Service including any invisible marker requirements.
ETHANOL	Alcohol, one component of gasohol.
EXPORT	Motor fuel delivered from a point within Arizona to a point out-of-Arizona by or for the seller constitutes an export by the seller. Motor fuel delivered from a point within Arizona to a point out-of-Arizona by or for the purchaser constitutes an export by the purchaser.
FUEL TANK	Any receptacle on a motor vehicle from which fuel is supplied for the propulsion of the vehicle, exclusive of a cargo tank. A fuel tank includes a separate compartment of a cargo tank used as a fuel tank, and any auxiliary tank or receptacle of any kind from which fuel is supplied for the propulsion of the vehicle, whether or not directly connected to the fuel supply line of the vehicle.
GASOLINE	All products that are commonly or commercially known or sold as gasoline and defined as motor vehicle fuel.
GASOLINE BLEND STOCKS	All other types of petroleum products, derivatives, or additives such that when they are mixed or blended, they produce a product commonly known as motor vehicle fuel, regardless of their original classification or use (i.e. finished gasoline may be a blend of straight run gasoline, reformat, cracked gasoline, alkylate, butane etc.).
GALLON (U.S.)	Unit of liquid volume equal to 231 cu. in., equal to 0.83268 times the Imperial gallon.
GASOHOL	A motor vehicle fuel of 90 percent gasoline and 10 percent alcohol.
IFTA	The International Fuel Tax Agreement, under which the fuel tax license and fuel tax reporting, is accomplished through a carrier's base state.
IMPORT	Motor fuel delivered to a point within Arizona from out-of-Arizona by or for the seller constitutes an import by the seller. Motor fuel delivered to a point within Arizona from out-of-Arizona by or for the purchaser constitutes import by the purchaser.
INVOICED GALLONS	Gallons actually billed on an invoice in payment to a supplier.
JET FUEL	Kerosene type fuels or blends of gasoline, distillate, and residual oils which are used as fuels for gas turbine powered aircraft.
JURISDICTION	A state of the United States, the District of Columbia, or a province of or territory of Canada.
KEROSENE	A refined petroleum distillate suitable in properties for use as an illuminate when burned in a wick lamp. Synonymous terms are lamp oil, burning oil, illuminating oil, and range oil when product is used in a space heater.
MOTOR CARRIER FEE	Annual fee paid for each motor vehicle registered in Arizona ranging from a declared weight of 12,001 pounds to 80,000 pounds.

## ARIZONA LICENSED SUPPLIER INFORMATIONAL

MOTOR FUEL	Includes motor vehicle fuel, use fuel and aviation fuel.
MOTOR VEHICLE FUEL	Includes all products commonly or commercially known or sold as gasoline, including casing head gasoline, natural gasoline, and all flammable liquids, other than kerosene used as aircraft fuel, composed of a mixture of selected hydrocarbons expressly manufactured and blended for the purpose of effectively and efficiently operating internal combustion engines. "Motor Vehicle Fuel" <b>does not</b> include transmix. Does not include "Use Fuel" as defined in Section §28-5601, A.R.S.; e.g.; diesel fuel, liquefied petroleum gas, stove oil, etc.
NEGATIVE INVENTORY	An event caused by the overdrawal of product by a Position Holder from a community storage facility.
NET/GROSS GALLONS	Refers to fuel volume measurements. Net basis gallons are determined based on the temperature adjusted to 60 degrees Fahrenheit. Gross basis gallons are derived without consideration of any temperature adjustment.
PERMISSIVE SUPPLIER	An out-of-state supplier that elects, but is not required, to obtain a supplier's license pursuant to Arizona Revised Statutes. The term supplier includes permissive supplier unless specifically stated otherwise.
PIPELINE	A fuel distribution system that moves product, in bulk, through a pipe, either from a refinery to a terminal, or from a terminal to another terminal.
POINT OF DELIVERY	The physical address of delivery, This includes but is not limited to customer name, street, city, state and zip code, to which reportable motor vehicle fuel and liquid use fuel is dispensed into any, storage facility, receptacle, container, or any type of transportation equipment.
POSITION HOLDER	The person who holds the inventory position in fuel in a terminal as reflected on the records of the terminal operator.
POSTMARK	The mark affixed by the U.S. or Canadian Postal Service indicating the date and location mail was processed.
PROPANE	A heavy gaseous hydrocarbon of the paraffin series which occurs naturally in petroleum and natural gas.
QUALIFIED TERMINAL	A terminal that is designated as a qualified terminal pursuant to the U.S. Internal Revenue Code, regulation and practices and that has been assigned a terminal control number by the U.S. Internal Revenue Service.
RACK	A mechanism for delivering fuel from a refinery, a terminal or a bulk plant into a railroad tank car, transport truck or other means of transfer outside the bulk transfer terminal system.
REFINER	Any person who owns, operates or otherwise controls a refinery with the U.S.
REFINERY	A facility that is used to produce fuel from crude oil, unfinished oils, natural gas liquids, transmix or other hydrocarbons or by blending and from which fuel may be removed by pipeline, by marine vessel or at a rack.
REFUND	Returning a credit or overpayment of taxes by check to a taxpayer.

## ARIZONA LICENSED SUPPLIER INFORMATIONAL

RESTRICTED DISTRIBUTOR	A distributor of motor vehicle fuel that does not have a tax that obtains tax paid fuel for delivery within the state of Arizona and must be licensed to report the final destination of that fuel.
SELL	Includes a transfer of title or possession, exchange or barter in any manner or by any means.
SUPPLIER	A person who 1) is registered under section 4101 of the Internal Revenue Code for transactions in fuel in the bulk transfer terminal distribution system and is also either a position holder; importer into this state from a foreign country; a recipient of fuel due to a Two Party Exchange or position holder outside Arizona that imports into Arizona for its own account. Or 2) is a distributor who acquires fuel on which taxes have not been accrued or collected by a supplier or permissive supplier.
TAX DUE GALLONS	Gallons of fuel upon which the tax has not been collected and remitted by another supplier and which is therefore subject to payment of the tax with the submitted report.
TAX PAID GALLONS	Gallons received into or distributed from inventory upon which the tax has previously been collected and/or remitted to the state.
TEMPERATURE CORRECTED GALLON	Volumetric Gallon as defined herein, adjusted to the measurement of a gallon at 60 degrees Fahrenheit.
TERMINAL	A storage & distribution facility for fuel, which is supplied by pipeline or marine vessel, & is registered as a qualified terminal by the U.S. Internal Revenue Service, & from which fuel may be removed at a rack.
TERMINAL OPERATOR	Any person who owns, operates or otherwise controls a terminal and who does not use a substantial portion of the fuel that is transferred through or stored in the terminal for the person's own use or consumption or in the manufacture of products other than motor vehicle, aviation or use fuel. A terminal operator may own the fuel that is transferred through or stored in the terminal.
TRANSMIX	The buffer or interface between two different products in a pipeline shipment, or a mix of two different products within a refinery or terminal that results in an off-grade mixture. Transmix is not a taxable item unless blended to create other types of taxable fuels.
TRANSPORTS	Large fuel delivery trucks, generally holding 8,000 or more gallons, used for delivery of gasoline, diesel fuels and other petroleum products to commercial accounts, dealers, wholesalers and bulk end users.
USE FUEL	Primarily means diesel fuel but includes all liquid fuels, other than gasoline that are used or suitable for use to propel motor vehicles, including bio-diesel. .
USE FUELS \$.02 TAX CREDIT	A 2¢ credit (Effective 1/1/98) for use fuel purchased in AZ and consumed outside of AZ.
USE FUEL TAX	An excise tax on use fuel consumed on Arizona highways. For light class vehicles, the tax rate is eighteen cents per gallon. For use class vehicles, the rate is twenty-six cents per gallon.
VOLUMETRIC GALLON	The United States gallon of 231 cubic inches as measured by volume according to the standards of measurement, without adjustment for temperature correction to 60 degrees Fahrenheit.