



**Nebraska Motor Fuels
Tax-Filing Reminders**

**Petroleum Markets and Convenience
Store Association
September 29th, 2016**

revenue.nebraska.gov

This PowerPoint handout is used for training purposes in conjunction with the oral presentation given by Departmental training staff.

It is not intended to be a stand-alone document.

It is not an information guide, nor does it carry regulatory or statutory authority.

Nebraska tax statutes, regulations, information guides, and other resources are available at revenue.nebraska.gov.

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Motor Fuels

Motor Fuels Division

- Goal – administer Motor Fuels Taxes fairly
 - Level the playing field
- Account Representatives
 - Robin
 - Lindsay
 - Christine
 - Terri
 - Laura
- Auditors
 - Lincoln
 - Omaha
 - North Platte

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Motor Fuels (continued)

Cross-matching Challenges

- Use of document numbers
 - Bill of lading/manifest preferred
- Timing
- Import/exports
 - Both parties report import (schedule code 3) or both report export (schedule code 7)
 - Neither party reports the export or import

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Motor Fuels (continued)

Cross-matching Challenges

- Incorrect FEIN
 - Licensee FEIN available on Dept. of Revenue website
 - www.Nebraska.gov/revenue/fuels/licenses/
- Schedule Codes 2A and 4
 - Loads of ethanol placed into terminal storage
 - Errors
 - Not reported at all
 - Incorrectly used to show above the rack transfers
 - Incorrectly used to show the blending of ethanol into gasohol

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Motor Fuels (continued)

Diversion - Carriers

- Diversion = load of fuel delivered to a destination other than what is on the bill of lading
- Diversion is to be obtained before fuel is delivered
- FuelTrac III website: www.fueltrac.us

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Motor Fuels (continued)

Other Reminders

- Fuel sales to state and local governmental entities are not exempt
- Fuel sales to schools (buses) are not exempt
- Biodiesel purchases are reportable
 - Report untaxed undyed biodiesel receipts as schedule code 2 or schedule code 3
 - Product Code = B00 or 170
 - If blended with dyed diesel, receive tax credit by entering gallons of biodiesel on blend line
- Racing fuel is exempt if it is:
 - Leaded and Octane over 105.

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Questions?

- Questions can be submitted through the Department website
- Contact your Account Representative
- Motor Fuels Division
 - 800-554-3835
 - Lincoln, 402-471-5730

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Nebraska Sales and Use Tax

Petroleum Marketers and Convenience Store Association

September 29, 2016

revenue.nebraska.gov



- Receive notification of changes to our website using the **free** web-based email subscription system.
- Set up a **profile** – enter your email address, optional password, and select the topics of interest.
- You can change your **profile** at any time by adding or deleting topics, changing the frequency of email alerts, or changing your email address.
- No special software – all you need is a valid email address and an Internet browser!

Try it out!

revenue.nebraska.gov



The screenshot shows the official Nebraska Government Website for the Department of Revenue. It features a navigation menu on the left with categories like 'Online Services', 'Forms', 'FAQs', and 'Information Guides'. The main content area is divided into three columns: 'Online Services' with buttons for 'Make a Payment', 'File Your Return', and 'Where's My Refund?'; 'Currently Featured' with links to 'Request a Payment Plan', 'Report Nebraska Tax Fraud', and 'Nebraska Delinquent Taxpayer List'; and 'Specific Tax Info' with links for 'Business Income Tax', 'Individual Income Tax', and 'Items of Interest'. A footer at the bottom contains the text 'Official Nebraska State Government Home Page | Privacy Policy | About Outside Links'.

2016 Legislation

2016 Legislation Sales and Use Tax

- LB 774 Sales and use tax exemptions:
 - Agricultural Societies:
 - Energy source exemption expanded to include aerating grain as processing; and
 - All operative October 1, 2016.

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Overview of Sales Tax

Sales tax is...

- ... a transactional tax,
- ... based on the transaction, rather than the item sold.

A sale is...

- ... the transfer of title or possession of an item, or
- ... providing a service,
- ... for consideration.

For more information, see our guide [Nebraska and Local Sales Tax](#) or [Reg-0-001 - Nature of Sales Tax](#).

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Overview of Sales Tax (continued)

A lease or rental of tangible personal property...

- ...is a sale,
- ...a lease or rental is a transfer of control or possession of the property.

Sales tax is due on each lease or rental payment.

For more information, see [Reg-1-018 - Rent or Lease of Tangible Personal Property](#).

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Nebraska Sales Tax (continued)

Sales Tax is Calculated on Gross Receipts

Gross receipts...

- ...means the total amount of a sale or lease for a consideration.

Sales tax is calculated on the gross receipts of the sales transaction.

For more information, see [Reg-1-007 - Gross Receipts Defined](#).

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Delivery Location and the Local Sales Tax

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Delivery Location and Tax Rate

The delivery location determines the Local Sales Tax.

- The delivery location is where the purchaser picks up the item or where he/she takes possession of it.
- The local sales tax rate depends on whether the delivery location is inside or outside city limits.
- When delivery is outside Nebraska, contact the other state.

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Overview of Sales Tax (continued)

The Bottom Line for Sales Tax

Sellers must collect sales tax
or
document why they did not.

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Collecting, Documenting, and Reporting Sales Tax (continued)

Documenting Exempt Sales

- **Form 13**
- Sellers keep completed copies of Form 13.
- A “blanket” form is valid until it is revoked in writing by the purchaser.

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Collecting, Documenting, and Reporting Sales Tax (continued)

Documenting Exempt Sales

Nebraska Resale Certificate **Form 13, Section A**

- Purchases for resale
- Items that become a component part of a product to be sold

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Collecting, Documenting, and Reporting Sales Tax (continued)

Form 13, Section A

Nebraska Resale or Exempt Sale Certificate		FORM 13
for Sales Tax Exemption		RESET FORM
<small>* Read instructions on reverse side/see note below</small>		
NAME AND MAILING ADDRESS OF PURCHASER		NAME AND MAILING ADDRESS OF SELLER
Name _____		Name _____
Street or Other Mailing Address _____		Street or Other Mailing Address _____
City _____	State _____ Zip Code _____	City _____ State _____ Zip Code _____
Check Type of Certificate		
<input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket <small>If blanket is checked, this certificate is valid until revoked in writing by the purchaser.</small>		
I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:		
Check One <input type="checkbox"/> Purchase for Resale (Complete Section A) <input type="checkbox"/> Exempt Purchase (Complete Section B) <input type="checkbox"/> Contractor (Complete Section C)		

SECTION A—Nebraska Resale Certificate

Description of Item or Service Purchased

I hereby certify that the purchase, lease, or rental of _____
from the above seller is exempt from the Nebraska sales tax as a purchase for resale, rental, or lease in the normal course of our business, either in the form or condition in which purchased, or as an ingredient or component part of other property to be resold.

I further certify that we are engaged in business as a: Wholesaler Retailer Manufacturer Lessor

Description of Product Sold, Leased, or Rented

and hold Nebraska Sales Tax Permit Number 01- _____ If None, State Reason

or Foreign State Sales Tax Number _____ State _____

For more detailed information, refer to the [Form 13 instructions](#).

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Containers

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Other Tax Information – Containers

Containers

There are two types:

- Returnable
 - Taxable to the person who will place contents into them.
- Nonreturnable
 - Nontaxable when the person will fill the container and sell the contents with the container.

For more information, see [Reg-1-043](#) – Containers.

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Use Tax

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Overview of Use Tax

What is Use Tax?

- Use tax is due when Nebraska sales tax has not been paid on a taxable item or service purchased for use in Nebraska.
- Sales and use tax are not both due on the same transaction.
- The big difference is who remits the tax -
 - Sales tax is collected and remitted by the seller.
 - Use tax is paid directly to the Department by the purchaser/consumer.

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Overview of Use Tax (continued)

Use Tax and Sales Tax Have These Things in Common –

- They are imposed on the same transactions.
- They have the same exemptions.
- They are calculated at the same rate.
 - Where delivery occurs or
 - Where first usage in Nebraska takes place.

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Overview of Use Tax (continued)

When Use Tax is Due

- Use tax is often due when purchases are made from an out-of-state seller
 - Internet, catalog, mail order
 - Magazines and journals by subscription
- Use tax is due when the business withdraws tax-free inventory for business or personal use (including donations)
 - Auto mechanic
 - Hair salon

Note: Be sure to maintain good records!

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Repair and Replacement Parts for Ag Equipment

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- Repair and Replacement Parts for Ag Equip
- Effective October 1, 2014, all repair and replacement parts are exempt if both criteria are met
 - The property repaired is agricultural machinery and equipment
 - The equipment is used in commercial agriculture
 - Farmers or ranchers must issue a Form 13, Section B, Category 2 to exempt these sales.
 - Repair labor is sales tax exempt
- LB 96
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Ag Machinery and Equip (continued)

Form 13, Section B

Nebraska Resale or Exempt Sale Certificate for Sales Tax Exemption		Form 13
Name and Mailing Address of Purchaser		Name and Mailing Address of Seller
Name		Name
Legal Name		
Street Address (Do not use PO box)		Street or Other Mailing Address
City	State	Zip Code
City	State	Zip Code
Check Type of Certificate		
<input type="checkbox"/> Single Purchase If single purchase is checked, enter the related invoice or purchase order number _____		
<input checked="" type="checkbox"/> Blanket If blanket is checked, this certificate is valid until revoked in writing by the purchaser.		
I hereby certify that the purchase, lease, or rental by the above purchaser is exempt from the Nebraska sales tax for the following reason:		
Check One <input type="checkbox"/> Purchase for Resale (Complete Section A.) <input checked="" type="checkbox"/> Exempt Purchase (Complete Section B.) <input type="checkbox"/> Contractor (Complete Section C.)		
Section B—Nebraska Exempt Sale Certificate		
The basis for this exemption is exemption category <u>2</u> (insert appropriate number for the category of exemption described on the reverse side).		
If exemption category 2 or 5 is claimed, enter the following information:		
Description of Items Purchased	Intended Use of Items Purchased	
farm machinery, repair and replacement parts	commercial agriculture	
If exemption category 3 or 4 is claimed, enter your Nebraska Exemption Certificate number: 05- _____		
Do not enter your Federal Employer ID Number.		
If exemption category 6 is claimed, the seller must enter the following information and sign this form below:		
Description of Items Sold	Date of Seller's Original Purchase	Was tax paid when purchased by seller?
		<input type="checkbox"/> Yes <input type="checkbox"/> No
		Was item depreciable?
		<input type="checkbox"/> Yes <input type="checkbox"/> No

For more information, see Form 13 instructions.

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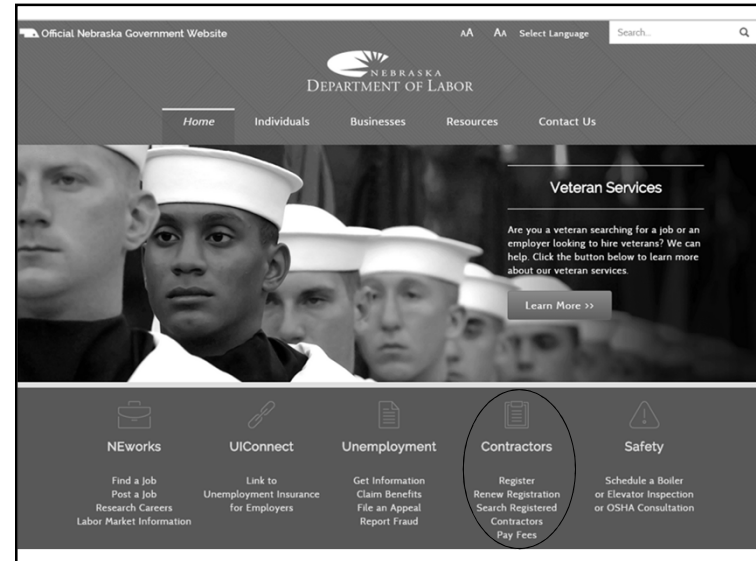
Contractor Database

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Contractor Database

The Nebraska Contractor Registration Act requires contractors and subcontractors doing business in Nebraska to register with the Nebraska Department of Labor.

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Contractor Transactions (continued)

Contractor's Transactions

- Retail sales (TPP & taxable services)
 - Building cleaning
 - Taxable at rate in effect where delivery occurs
- Contractor labor (Not taxable)
- Nontaxable services

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Contractor Transactions (continued)

Option 1 Contractor

- Transactions with the supplier
 - Purchases building materials and fixtures for resale.
 - Must give Nebraska supplier a properly completed Form 13, Section C, Block 1.
- Transactions with the customer
 - Does not collect sales tax on separately stated labor charges.
 - Must collect sales tax on separately stated charges for building materials and fixtures.
 - If charges for building materials and labor are not separately stated, the entire amount is taxable.

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Contractor Transactions (continued)

Option 2 Contractor

- Transactions with the supplier
 - Pays sales or use tax on purchases of building materials and fixtures.
- Transactions with the customer
 - Does not collect sales tax on any portion of the invoice. Cannot accept a Form 13.

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Contractor Transactions (continued)

Option 3 Contractor

- Transactions with the supplier
 - Purchases building materials and fixtures tax-free.
 - Must give Nebraska supplier a properly completed Form 13, Section C, Block 1.
- Transactions with the customer
 - Must remit use tax at the rate in effect at the time and place of withdrawal of building materials and fixtures from inventory.
 - Does not collect sales tax on any portion of the invoice. Cannot accept a Form 13.

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Energy Source

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Water and Energy Source Utility Exemption (continued)

Energy Source Utility Exemption

A qualified energy source is sales tax exempt when more than 50% of the energy is used for:

- Commercial feed grinding;
- Commercial grain drying;
- Farming; or
- Irrigation.

To purchase energy sources sales tax exempt, give a Form 13E to the seller.

Refer to Sales and Use Tax Regulation 1-089 Energy Source Utility Exemption, for more information.

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Water and Energy Source Utility Exemption (continued)

- **Example of Qualified Use**
The electricity billed through a single meter at a hog confinement building qualifies (more than 50% rule).
- **Example of Nonqualified Use**
The energy used in the farmer/rancher's repair shop is taxable.

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Energy Source Utility Exemption

The seller is not responsible for collecting sales tax on sales of dyed diesel fuel when delivery takes place by

- Pumping it into a bulk tank equipped with a hose and nozzle;
- Pumping it directly into the fuel tank of an off-road vehicle;
 - Farm tractor ○ Bulldozer ○ Excavator
 - Combine ○ Road grader ○ Boat
- Pumping it directly into a supply tank that fuels equipment that generates electricity; or
- Pumping it directly into a supply tank that fuels stationary crop irrigation equipment.

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Water and Energy Source Utility Exemption (continued)

Form 13E

	Nebraska Energy Source Exempt Sale	RESET FORM Certificate	FORM 13E						
NAME AND MAILING ADDRESS OF PURCHASER		NAME AND MAILING ADDRESS OF SELLER							
Name _____		Name _____							
Street or Other Mailing Address _____		Street or Other Mailing Address _____							
City _____	State _____ Zip Code _____	City _____	State _____ Zip Code _____						
Check Type of Certificate <input type="checkbox"/> Single Purchase <input type="checkbox"/> Blanket <input type="checkbox"/> If Blanket is checked, this certificate is valid until revoked in writing by the purchaser.									
Purchaser's Account Number _____		Was an energy audit (analysis) completed prior to issuing this certificate to the seller? <input type="checkbox"/> YES <input type="checkbox"/> NO							
Describe your business operations:									
<input type="checkbox"/> A. Our purchase of electricity or compressed natural gas is exempt from Nebraska sales and use tax because more than 50 percent of the energy charge through meter number(s) _____ has been properly determined to be used or directly consumed in: (check appropriate box) <table style="width: 100%; font-size: x-small;"> <tr> <td><input type="checkbox"/> Manufacturing and Processing</td> <td><input type="checkbox"/> Farming</td> <td><input type="checkbox"/> Generation of Electricity</td> </tr> <tr> <td><input type="checkbox"/> Irrigation</td> <td><input type="checkbox"/> Refining</td> <td></td> </tr> </table>				<input type="checkbox"/> Manufacturing and Processing	<input type="checkbox"/> Farming	<input type="checkbox"/> Generation of Electricity	<input type="checkbox"/> Irrigation	<input type="checkbox"/> Refining	
<input type="checkbox"/> Manufacturing and Processing	<input type="checkbox"/> Farming	<input type="checkbox"/> Generation of Electricity							
<input type="checkbox"/> Irrigation	<input type="checkbox"/> Refining								
<input type="checkbox"/> B. Our purchase of coal, fuel oil, diesel fuel, tractor fuel, coke, nuclear fuel, butane, propane, or gas is exempt from Nebraska sales and use tax because more than 50 percent of the amount purchased is used or directly consumed in: (check appropriate box) <table style="width: 100%; font-size: x-small;"> <tr> <td><input type="checkbox"/> Manufacturing and Processing</td> <td><input type="checkbox"/> Farming</td> <td><input type="checkbox"/> Generation of Electricity</td> </tr> <tr> <td><input type="checkbox"/> Irrigation</td> <td><input type="checkbox"/> Refining</td> <td></td> </tr> </table>				<input type="checkbox"/> Manufacturing and Processing	<input type="checkbox"/> Farming	<input type="checkbox"/> Generation of Electricity	<input type="checkbox"/> Irrigation	<input type="checkbox"/> Refining	
<input type="checkbox"/> Manufacturing and Processing	<input type="checkbox"/> Farming	<input type="checkbox"/> Generation of Electricity							
<input type="checkbox"/> Irrigation	<input type="checkbox"/> Refining								
Any purchaser, or the agent thereof, or other person who completes this certificate for any purchase which is not otherwise exempted from the sales and use tax under the Nebraska Revenue Act, as amended, shall in addition to any tax, interest, or penalty otherwise imposed, be subject to a penalty of \$100.00 or ten times the tax, whichever amount is larger, for each instance of presentation and misuse. With regard to a Blanket certificate, said penalty shall apply to each purchase made during the period the blanket certificate is in effect. Under the penalties of law, I declare that I am authorized to sign this certificate, and to the best of my knowledge and belief, it is correct and complete.									
sign here	Authorized Signature of Purchaser _____	Title _____	Date Issued _____						

For more detailed information, refer to the [Form 13E instructions](#).

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Water and Energy Source Utility Exemption (continued)

Taxable Energy Source

Dyed diesel fuel is subject to sales and use tax when:

- Used in certain equipment
 - Reefer unit
 - De-watering equipment
 - Diesel powered light tower equipment
 - Diesel powered air compressor

Refer to Sales and Use Tax Regulation [1-089](#)-
Energy Source Utility Exemption, for more information.

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Food, Food Ingredients, and Prepared Food

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Food & Food Ingredients

Food & Food Ingredients

- **Food and food ingredients (nontaxable)** are:
 - Substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated (**any**) form;
 - **Ingested or chewed** by humans; and
 - Consumed for their **taste or nutritional value**.

Examples include, but are not limited to:

- Bottled water
- Candy
- Cereals
- Chewing gum
- Eggs
- Flour
- Fruit
- Ice
- Meats
- Milk
- Soft drinks
- Sugar
- Vegetables

For more information, see Reg-1-087.01A – Food and Food Ingredients.

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Food & Food Ingredients (continued)

- **Meal Substitutes** are considered food and are **nontaxable**.
 - Look for the **Nutrition Facts** box on the label.

Nutrition Facts

Serving Size 1 piece (219g)
Servings Per Container 6

Amount Per Serving	Calories 520	Calories from Fat 240
%	% Daily Values*	
Total Fat 27g	41%	
Saturated Fat 12g	61%	
Cholesterol 250mg	86%	
Sodium 1110mg	48%	
Total Carbohydrate 29g	10%	
Dietary Fiber 1g	6%	
Sugars 1g		
Protein 39g		
Vitamin A 20%	+	Vitamin C 4%
Calcium 15%	+	Iron 25%

*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.

Total Fat	Saturated Fat	Cholesterol	Sodium	Total Carbohydrate	Dietary Fiber
Calories: 2,000	2,500	Less than 50g	30g	Less than 30g	25g
Less than 50g	25g	Less than 300mg	2,400mg	30g	25g

Calories per gram:
Fat 9 • Carbohydrate 4 • Protein 4

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Food & Food Ingredients (continued)

- **Alcoholic beverages, dietary supplements, and tobacco** are **taxable**.
 - A dietary supplement is any product required to be labeled as a **dietary supplement**.
 - Look for a **supplemental facts box** on the label.
 - Certain Energy Drinks
 - Dietary Substances
 - Herbs
 - Minerals
 - Vitamins

Supplement Facts

Serving Size: Two Tablets

	Amount per Serving	% Daily Value
Vitamin A (as Beta Carotene)	25,000 IU	500%
Vitamin C (as Ascorbic Acid)	1,000 mg	1870%
Vitamin E (as Troloxeryl Succinate)	400 IU	1330%
Zinc (as Zinc Gluconate)	50 mg	333%
Copper (as Copper Gluconate)	2 mg	100%
Selenium (as Selenomethionine)	50 mcg	71%
Chromium (as Chromium Picolinate)	200 mcg	166%
Citrus Bioflavonoid Complex	250 mg	•
EyeBright (Euphrasia officinalis)	50 mg	•
Alpha-Lipoic Acid	50 mg	•
Ginkgo Biloba	25 mg	•
L-Glutathione	10 mg	•
FloraGLO Lutein (containing Zeaxanthin)	6 mg	•

*Daily Value not established

For more information, see Reg-1-087.01B – Food and Food Ingredients.

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Food & Food Ingredients (continued)

- **Prepared foods, coin-operated vending machine sales, concessionaire sales, and sales by caterers (all taxable)** involve food that is:
 - Intended for **immediate consumption**; and
 - **Ready to be eaten** without further preparation.

Examples include, but are not limited to:

▪ Coffee/fountain drinks	▪ Meals
▪ Fried or rotisserie chicken	▪ Sandwiches
▪ Ice cream cones	▪ Heated pizza

*For more information,
see [Reg-1-087.03B](#) – Prepared Foods.*

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Taxable Services

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Taxable Services

- Animal specialty services
- Building cleaning
- Computer software training
- Detective services
- Installing/applying tangible personal property
- Motor vehicle towing, washing/waxing, painting
- Pest control services
- Recreational vehicle (RV) park services
- Security services
- Repair labor (with 5 exceptions)

For a more complete list of taxable and nontaxable services, see the [Nebraska and Local Sales Tax Information Guide](#) on our website.

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Nebraska Department of
REVENUE

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Taxpayer assistance
800-742-7474
revenue.nebraska.gov

Thank you!