

# ***Petroleum Products Program***



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***MOTOR OIL FEE  
INFORMATION GUIDE***

# Introduction

The Motor Oil Fee is a fee paid by motor oil dealers who sell product in California, whether or not it is packaged in retail containers. The Motor Oil Fee shall only be paid once on any particular motor oil and does not apply to motor oil exported for sale outside of California.

# Information for Motor Oil Fee

## Fee Amount

The Motor Oil Fee amount is established at four cents (\$0.04) per gallon of motor oil.

## Who is responsible for the Motor Oil Fees?

The first motor oil dealer that produces or imports motor oil into California shall pay the fee when the motor oil is first sold to any retail establishment or to any motor oil dealer including any sold to the federal government or its agencies.

Motor oil produced outside of California and transported into California for export shall be exempt.

## Reporting Basis

Each motor oil dealer responsible for the payment of the fee shall file a Motor Oil Fee Return with the Department of Food and Agriculture no later than the last day of the month following each quarter ending September 30, December 31, March 31, and June 30. The Motor Oil Sales Fee Return shall be completed on a form provided by the Department and accompanied with the payment of fees due.

## Delinquencies and Penalties

Motor Oil Sales Fee Returns not received by the Cashier, California Department of Food and Agriculture in Sacramento by the due dates stated above are delinquent. Motor Oil Fee Returns that are incomplete or not accompanied by the full payment are also delinquent.

Penalty for delinquent payments is 10% of fees due.

## Records

Each motor oil dealer required to file a Motor Oil Fee Return shall maintain accurate records of all transactions subject to motor oil fees. Records shall be kept for four years and made available for verification by the Secretary upon request.

## Exemptions

Motor oil produced outside of California and transported into California for export shall be exempt from the motor oil fee. Adequate accounting records of exports from California must be maintained and made available for audit by the Secretary.

Export is defined as the delivery or shipment of motor oil out of state by the dealer to:

1. His out-of-state location.
2. A carrier, customs broker, or forwarding agent for shipment to an out-of-state location.
3. A forwarding agent, export packer, customer broker, or other person who prepares product for shipment to a location outside of California.
4. A vessel clearing from a port in California for a port outside of California.

Motor oil taken on board a ship, clearing a California port, for use in its own engines **is taxable**.

Motor oil sold for use in factory filled new vehicles manufactured in California for export **is taxable**.

## CLAIMS FOR REFUNDS OF FEES PAID

### Who may file a claim?

Any person who purchases motor oil and subsequently exports that motor oil may, by letter, request a refund or credit of the fees that have been paid on that motor oil exported. The letter of request must include an original signature of a person in a responsible position who has knowledge of the transactions.

### Statute of Limitations

All claims for refund of payments made shall be submitted within three years from the date of payment of the fee. Any claim for refund not submitted in a timely manner will be returned, unprocessed, to the sender.

### Necessary documentation

All claims for refund shall be in a prescribed format and contain the following information:

1. A letter requesting the refund, signed by an employee of the company with knowledge of the transactions.
2. A ledger sheet tabulating purchases and exports for which the refund is being requested.
3. Copies of invoices, vouchers, etc., documenting that the motor oil fee was paid.
4. Copies of invoices, vouchers, bills of lading, etc., documenting that the motor oil was exported from California.

The following information is required on the ledger sheet in order to process refund requests:

- Date and invoice number of purchase of motor oil.
- Quantity of motor oil purchased by type of oil and container size.
- Date and invoice number of exports of motor oil.
- Quantity of motor oil transferred by type of oil and container size.

The information shall be in the following format:

#### **PURCHASES**

<u>Date</u>	<u>Invoice No.</u>	<u>Oil Type</u>	<u>Container Size</u>	<u>Quantity-Gal.</u>
04-19-03	0000	CUSTOM 10W40	QUART	210
04-19-03	1111	DELO 20W50	55 DRUM	110
06-19-03	2222	DELO 20W50	1 GAL	215
			TOTAL	535

#### **EXPORTS**

<u>Date</u>	<u>Invoice No.</u>	<u>Oil Type</u>	<u>Container Size</u>	<u>Quantity-Gal.</u>
07-05-03	0000	CUSTOM 10W40	QUART	30
08-30-03	1111	DELO 20W50	55 DRUM	55
12-03-03	2222	DELO 20W50	1 GAL	50
			TOTAL	135

# Questions and Answers for Motor Oil Fees

*The following information provides you with answers to frequently asked questions and should be used only as a guide and not considered to be a legal authority.*

## ***What is the Motor Oil Fee and what is the rate?***

The Motor Oil Fee is a fee paid on the first production, sale, distribution or importation of motor oil sold in California. The rate is currently \$0.04 per gallon.

## ***How often is the Motor Oil Fee paid?***

The fee is paid only once on any particular motor oil.

## ***Who is responsible for the Motor Oil Fee?***

The first motor oil dealer that produces, sells or distributes motor oil in California, whether or not packaged in retail containers, shall pay the fee for all such motor oil sold in California. A retailer shall pay the fee for motor oil received when he or she transports, or causes motor oil to be transported, into California from outside of the state.

## ***What agency collects the Motor Oil Fee?***

The California Department of Food and Agriculture's Division of Measurement Standards collects the motor oil fees reported by motor oil dealers.

## ***Are there exemptions to the Motor Oil Fee?***

Motor oil produced outside of California and transported into California for export are exempt from the motor oil fee. Adequate accounting records of exports from California must be maintained and made available for audit by the Secretary.

### ***What happens if I overpay the Motor Oil Fee on my Motor Oil Fee Return?***

If you overpaid the fee on your Motor Oil Fee Return, you may file for a refund. After a review of your records and the overpayment is verified, a refund will be issued.

### ***How do I file a claim for refund of the Motor Oil Fee? What supportive documents are necessary?***

A request for refund may be submitted containing the following information:

1. A letter requesting the refund, signed by an employee of the company with knowledge of the transactions.
2. A ledger sheet tabulating purchases and exports for which the refund is being requested.
3. Copies of invoices, vouchers, etc., documenting that the Motor Oil Fee was paid.
4. Copies of invoices, vouchers, bills of lading, etc., documenting that the motor oil was exported from California.

### ***How long must I keep my records?***

Each person required to file a Motor Oil Fee Return shall maintain accurate records of all transactions subject to motor oil fees. Records must be kept for four years and made available for verification by the Secretary upon request.

### ***Is there a statute of limitation for filing a claim for refund of the Motor Oil Fee?***

All claims for refund of payments made must be submitted within three years from the date of payment of the fee. Any claim for refund not submitted in a timely manner will be returned, unprocessed, to the sender.