



Department of Motor Vehicles  
Tax Services  
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## VIRGINIA FUELS TAX INFORMATION AND NEWS MOTOR VEHICLE FUELS SALES TAX 2018 Legislation

May 2018

During the 2018 Virginia General Assembly session, House Bill 768 and SB 896 were passed which converted the Virginia Motor Vehicle Fuels Sales Tax (Wholesale Sales Tax) to a cent per gallon tax. Effective July 1, 2018, distributors will apply a tax rate to each gallon of fuel delivered and sold to retail dealers.

Today, the Motor Vehicle Fuels Sales Tax (MVFST), also known as the Wholesale Sales Tax, “is a tax upon every distributor who engages in the business of selling fuels at wholesale to retail dealers for retail sale” in certain localities, and is imposed as a percentage of the “sales price charged by a distributor for fuels sold to a retail dealer for retail sale” in those localities. Effective July 1, the tax will be imposed on each gallon of fuel sold by a distributor to a retail dealer for retail sale in any of the qualifying counties or cities.

The tax rates will be calculated by the Department of Motor Vehicles (DMV) in May and November each year. The tax rate calculated in May will apply to the fuel activity beginning July 1 and ending December 31. The tax rate calculated in December will apply to the fuel activity beginning January 1 and ending June 30. Rates will be posted on [www.dmvNow.com](http://www.dmvNow.com) under **Motor Vehicle Fuels Sales Tax Rates**.

### Impact on Filers

Filers currently report the necessary information on schedules which facilitates the transition to the per gallon tax. Schedules 16A, 16B and 17A require product codes, locality codes, locality name, invoice/BOL dates and numbers, buyer name, FEIN, destination address, city and state, destination zip code, billed gallons and sales/cost price. Tax is calculated on the sales/cost price and the tax is allocated based on the zip code and the locality code.

Effective July 1, the same information is required on the schedules. Tax will be calculated on the billed gallons and the tax will continue to be allocated based on zip codes and locality codes. It will be imperative that the proper gallons and product types on all schedules represent what was sold and delivered. When tax was calculated on sales/cost price, some taxpayers reported components of the sales/cost price separately. This practice should be discontinued because it would result in over payment of taxes. If there is a need to modify any information to include sales/cost price or gallons, returns should be amended. Gallons and sales/cost price information will be used in the future to calculate the tax rate.

The face of the Motor Vehicle Fuels Sales Tax return will have a different look. The face of the return will total gallons from each schedule based on product type. The tax rates will be applied to the total gallons per product to derive a TOTAL TAX. TOTAL TAX will be used to calculate other items on the return which include discounts, penalties and interest. After these items are calculated and the TOTAL TAX is adjusted accordingly, the final line on the face will be TOTAL AMOUNT DUE. After TOTAL TAX, all other calculations and items are the same as they are today.

## CONTACTS

**Wholesale Sales Tax** information can be found in **FUELS TAX** under **COMMERCIAL SERVICES** on [www.dmvNow.com](http://www.dmvNow.com).

If you have any questions about any information in this document, contact Tax Services.

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