

# Motor Vehicle Fuels Sales Tax Expansion to Western Virginia

June 2019

The Motor Vehicle Fuels Sales Tax (MVFST), also known as Wholesale Sales Tax, is a sales tax levied on each gallon of fuel sold and delivered to a retail dealer in planning districts in Northern Virginia, Hampton Roads, and effective July 1, 2019, parts of Western Virginia. It is in addition to all other state and federal taxes on fuel. The sales tax applies in Planning District Commissions in which Interstate 81 is located. The revenues from the sales tax will be deposited into the Interstate 81 Corridor Improvement Fund and pay for capital, operating and other improvement costs identified in an adopted Interstate 81 Corridor Improvement Plan. Persons selling fuels to retail dealers are required to be licensed as a Wholesale Distributor, collect the wholesale sales tax from the purchaser, and remit the tax to the Department of Motor Vehicles (DMV).

## Tax Rates

In accordance with Va. Code §§ 58.1-2295 and 58.1-2295.1, DMV is required to determine the statewide average distributor price of a gallon of unleaded regular gasoline and diesel fuel for the purpose of determining the applicable cents per gallon applicable tax rates. The tax amount is calculated by applying a tax rate of 2.1% to the statewide average distributor price for gasoline and diesel, with a floor price set at the February 20, 2013, amount. The current tax, which is based on the floor price, is set at 7.6 cents per gallon for gasoline and 7.7 cents per gallon for diesel. Rates are provided to Wholesale Distributors in December for the period beginning January 1 and ending June 30; and in June for the period beginning July 1 and ending December 31. When available, rates will be posted here: [https://www.dmv.virginia.gov/commercial/#taxact/wh\\_tax\\_rates.asp](https://www.dmv.virginia.gov/commercial/#taxact/wh_tax_rates.asp).

## Who pays the tax?

The tax is remitted to DMV by two types of businesses:

- All distributors who sell fuel to retail dealers in a planning district where the tax is levied.
- All persons who buy fuel at the rack and then distribute the fuel to themselves for retail sale in a planning district where the tax is levied.

Retail stations which only buy fuel from distributors do not need to report anything to DMV. However, those stations will see a charge for the MVFST on their invoice from their distributor, and are responsible for paying the tax directly to their distributor. Retail stations which buy their fuel at the rack are required to be licensed and to file tax returns.

## Applicable Localities

The sales tax applies in Planning District Commissions in which Interstate 81 is located.

Mount Rogers Planning District Commission: Counties of Bland, Carroll, Grayson, Smyth, Washington, and Wythe; Cities of Bristol and Galax.

New River Valley Regional Commission: Counties of Floyd, Giles, Montgomery, Pulaski; City of Radford.

Roanoke Valley-Allegheny Regional Commission: Counties of Alleghany, Botetourt, Craig, Franklin, and Roanoke; Cities of Covington, Roanoke, and Salem.

Central Shenandoah Planning District Commission: Counties of Augusta, Bath, Highland, Rockbridge, and Rockingham; Cities of Buena Vista, Harrisonburg, Lexington, Staunton, and Waynesboro.

Northern Shenandoah Valley Regional Commission: Counties of Clarke, Frederick, Page, Shenandoah, and Warren; City of Winchester.

