



Montana Department of Transportation
PO Box 8019
Helena MT 59604-8019
www.mdt.mt.gov

Instructions for Agricultural Standard Deduction Refund Application for Montana's Diesel or Gasoline Tax

**Important Information:
Montana's special fuel (diesel) and gasoline tax rates
increased July 1, 2017.**

Diesel tax rates

Prior to July 1, 2017 - .2775
July 1, 2017 - .2925

Gasoline tax rates

Prior to July 1, 2017 - .27
July 1, 2017 - .315

Applicable laws:

MCA 15-70-430 allows an estimated (standard deduction) amount of fuel eligible for refund based on applicant's agricultural income. The department may request state or federal income tax information from the applicant or the department of revenue to determine eligibility. To qualify, at least 30% of an applicant's gross earned income must be from operations directly associated with farming and/or ranching.

**Effective January 1, 2018, credit or debit card purchases for diesel fuel are eligible for refund under the estimate allowed for agricultural use. Only credit or debit card purchases made within 50 miles of the applicant's agricultural operation are eligible and receipts identifying the purchase as a credit or debit card transaction must be submitted with the application to support the claim.

MCA 15-70-432 requires that all applications for refunds be filed within 36 months of the date of purchase of the tax paid fuel.

MCA 15-70-434 allows the department 120 working days after receiving a refund claim to approve or reject it.

Revised January 2018

Agricultural Refund Application Form Instructions

1. Determine your Agricultural Standard Deduction Rate:

Complete the Agricultural Qualification Worksheet below to determine what percentage of refund you can claim.

Agricultural Qualification Worksheet

Keep this worksheet for your records.

Lines 1-5: In the blank lines of Columns A & B on the worksheet, enter the dollar amount of your total Gross Non-Ag Earned Income and your total Gross earned Ag-income, from your most recent federal or state income tax return.

Line 6: Enter totals of lines 1 through 5 for each column.

Line 7: Enter total of line 6, Column A plus Column B.

Line 8: Enter amount from line 6, Column B.

Line 9: Divide line 8 by line 7. If the percentage of agricultural income is less than 30, the applicant is not eligible for a refund of the gasoline or special fuel tax under the estimate allowed for agricultural use.

	Column A	Column B
	Total Gross NON-AG Earned Income	Total Gross AG Income
1. Wages, Salaries, Tips, etc.	\$	XXXXXXXXXX
2. Gross Business Income – Schedule C	\$	XXXXXXXXXX
3. Supplemental Gains – Form 4797 (Gains on Livestock Sold only)	XXXXXXXXXX	\$
4. Rent, Partnership, S-Corp, etc. Gross Income – Schedule E or Form 4835	Income from schedule E \$	Income from form 4835 \$
5. Gross Farm Income – Schedule F (Custom hire and fuel tax refunds are non-ag income)	Custom hire & all fuel tax refunds \$	\$
6. Total of Lines 1 – 5	\$	\$
7. Total Gross Earned Income = Line 6 Column A + Column B	\$	
8. Total Gross Earned Ag Income = Line 6 - Column B	\$	
9. Percentage of Ag Income = Line 8 divided by Line 7	%	

See next page to determine your standard deduction amount.

If your percentage of gross earned agricultural income from Line 9 of the worksheet is:
50% or greater.....Enter 60 on Line 1 of Page 3 of the application.
40% to 49%.....Enter 50 on Line 1 of Page 3 of the application.
30% to 39%.....Enter 40 on Line 1 of Page 3 of the application.
0% to 29% - You do not qualify for the Agricultural Estimate and must
keep records to receive a motor fuel tax refund.

Please call 406 444-7664 if you have questions or need assistance.

2. List fuel purchases:

List all eligible fuel purchases on page 2 of the refund application according to the purchase date. Montana’s fuel tax rates increased on July 1st, 2017. List fuel purchased before July 1st, 2017 in the first section and fuel purchased on or after July 1st, 2017 in the second section. All information is required. Fuel must be separated according to fuel type due to different tax rates.

**If you need more lines on the form please click on the (+) sign; to delete any unwanted lines click on the (-) sign.

Eligible fuel purchases are:

Gasoline – delivered into bulk and/or purchased through a cardrol system.

Diesel – delivered into bulk and/or purchased through a cardrol system.

*****Effective January 1st, 2018, Montana tax paid diesel** purchased with a credit or debit card within 50 miles of applicant’s agricultural operation is eligible for refund.

To support your claim for refund, you must submit your original bulk delivery invoices, original or copies of your cardrol statements, and/or original or copies of your credit and debit card receipts (diesel only) issued at the time of each purchase. See Invoice/Receipt Requirements on page 4 of these instructions.

3. Finalize the Agricultural Standard Deduction Refund Application:

- a. Time Period for Refund. Enter the range of purchase dates on the invoices being claimed for refund.
- b. Entity Type. Select your appropriate entity type.
- c. Applicant Information. Complete the following applicant information:
 - i. Taxpayer ID number or Social Security Number. Enter the appropriate Taxpayer or SS number.
 - ii. Applicant’s Alternate Names or DBA’s. List any alternate names or business names stated on receipts or invoices that are associated with the Taxpayer ID number or Social Security Number shown on the application.
 - iii. Name or Trade Name. Enter the name of the individual or business applying for the motor fuel tax refund.
 - iv. Mailing address. Enter address where refund and any correspondence should be mailed.
 - v. Phone. Enter a daytime phone number where applicant can be contacted.

d. Requested Amounts. Complete or verify the refund amounts. **Reminder - These fields will auto calculate if you complete the form on-line.**

Gasoline total - Enter total from page 3 of the refund form.

Diesel total - Enter total from page 3 of the refund form.

Total Refund - Add the gasoline total plus the diesel total to calculate the total refund amount.

e. Preparer's Information. Complete the third party's preparer's Information (if applicable).

f. Enter preparer's name, address, and phone number. Applicant must check indicator box if he/she does not want the department to discuss the refund application with the preparer.

g. Print form.

h. Sign and date printed form. A third-party preparer must sign and date refund form if applicable. Applicant or authorized representative must sign and date the refund form. The signature must be an original signature.

4. Send the Agricultural Standard Deduction Refund Application. Choose one of several options below to submit your application for refund.

Mail to: Montana Department of Transportation
PO Box 8019
Helena MT 59604-8019

Or FAX to: (406) 444-5411

Or e-mail to: mdtfueltaxrefund@mt.gov

Or upload through Montana's Secure File Transfer Service at <https://epass.mt.gov>

Instructions for the Secure File Transfer are found at: <https://transfer.mt.gov/Home/Instructions>

Invoices and/or receipts must be submitted with your application to support your claim for refund. Original bulk delivery invoices must be submitted with your application if you send your application through the mail.

Invoice/Receipt Requirements

All information listed below is required on an invoice or receipt to be eligible for a motor fuel tax refund and must be filled out at the time of purchase and delivery. If any information is missing, the applicant may provide a copy of the corresponding billing statement with the original invoice/receipt that supports the missing information. No altered or corrected invoice/receipt will be accepted for refund purposes. Invoices/receipts altered in any way must be voided and a new invoice/receipt issued by the dealer. The name on the invoices/receipts must match the name on the application. If there is any variance, the applicant must list alternate names and/or DBA information box on front page of refund form or the invoice/receipt will not be accepted. Each invoice, receipt, cardrol statement and accompanying billing statement collectively must contain or show the following:

- a) name and address of seller;
- b) name or account number of purchaser;
- c) complete date of delivery or purchase;

- d) type of fuel;
- e) number of gallons purchased;
- f) price per gallon or total amount of sale;
- g) Any person who requests a refund or credit of motor fuel tax must have satisfactory evidence that the Montana motor fuel tax was included in the total price paid. Examples: "All taxes included in the price or a breakdown of taxes charged", etc.

Definitions

Agricultural use means use of gasoline and/or clear diesel, by a person who earns income while engaging in the business of farming or ranching and who files farm or income reports for tax purposes as required by the United States internal revenue service.

Bulk delivery means placing gasoline or diesel in storage or containers. The term does not mean gasoline or diesel delivered into the supply tank of a motor vehicle.

Bulk storage means a container or tank holding any fuels for storage except for the supply tank of a motor vehicle or any internal combustion engine or motor fuel placed in storage at refineries or pipeline terminals.

Cardrol or keylock means a unique device intended to allow access to a fuel dealer's unattended pump or dispensing unit for delivery of fuel to an authorized user of the unique device.

Gross Earned Agricultural or farm income means all taxable income and wages, before expenses, a person or business receives from: cultivating, operating, or managing a farm for gain or profit, either as owner or tenant; operating a livestock, dairy, poultry, fish, fur-bearing animals, or horticultural commodities business; operating a feed yard for the fattening of cattle; operating a fruit or truck farm; operating an agricultural commodities business; operating a plantation, ranch, range, nursery or orchard; and sale of crop shares if the person materially participates in producing the crop.

- *Gross Income can be found on your Sch. C, Sch. E, Form 4835, Sch. D, Form 4797, and Sch. F or Federal Farm Schedule.*

"Gross earned Non-AG income" means all taxable income and wages, before expenses, a person or business earns from non-agricultural activity such as: Custom hire, fuel tax refunds, real estate rental, pasture/farm rental (unless you materially participate, and file taxes that confirm your material participation) and equipment rental.

MDT attempts to provide accommodations for any known disability that may interfere with a person participating in any service, program or activity of the Dept. Alternative accessible formats of this information will be provided upon request. For further information call (406) 444-7664 or TTY (800) 335-7592, or by calling Montana Relay at 711

By cooperative agreement, the Montana Department of Transportation exchanges fuel tax information with other tax collecting agencies.