



Montana Department of Transportation  
PO Box 8019  
Helena MT 59604-8019  
[www.mdt.mt.gov](http://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 November 2018

## Agricultural Refund Application Form Instructions

**1. Determine your Agricultural Standard Deduction Rate:**

Complete the Agricultural Qualification Worksheet below to determine what percentage of gross earned agricultural income you can claim.

### Agricultural Qualification Worksheet

*Keep this worksheet for your records.*

**Lines 1-8:** In the blank lines of the columns Gross Earned Non-ag and Gross Earned Ag on the worksheet, enter the dollar amount from your most current federal or state income tax return. Please note not all schedules may apply.

**Line 9:** Enter totals of each column.

**Line 10:** Enter total of both columns

**Line 11:** Divide earned ag income, line 9 by line 10 and multiply by 1.

Income	Gross Earned Non-ag	Gross Earned Ag
<b>1. Wages, Salaries, Tips, etc.</b>	\$	
<b>2. Schedule C – Gross Receipts or Sales</b>	\$	
<b>3. Form 4797 – Gross Sales of Agricultural Product</b>		\$
<b>4. Form 4835 - Gross Farm Rental with Active Participation Only<sup>1</sup></b>		\$
<b>5. Schedule F - Federal Farm Schedule<sup>2</sup></b>	\$	\$
<b>6. Form 1065<sup>3</sup></b>	\$	\$
<b>7. Form 1120<sup>4</sup></b>	\$	\$
<b>8. Form 1120S<sup>5</sup></b>	\$	\$
<b>9. Column Totals</b>	\$	\$
<b>10. Total Gross Income (Gross Earned Non-ag + Gross Earned Ag)</b>	\$	
<b>11. Percentage of Ag Income to Total Gross Income (Gross earned ag income, line 9 divided by line 10 multiply by 1)</b>	%	

See next page to determine your standard deduction amount.

<sup>1</sup> Line 6 an itemized listing of income must be included.

<sup>2</sup> Line 7 custom hire is included in the non-ag column; line 8 an itemized listing of income must be included.

<sup>3</sup> Line 1a and line 7 an itemized listing of income, Schedule F, and Form 4797 must be included.

<sup>4</sup> Line 1a and line 10 an itemized listing of income and Form 4797 must be included.

<sup>5</sup> Line 1a and line 5 an itemized listing of income and Form 4797 must be included.

If your percentage of gross earned agricultural income from Line 11 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% - Not qualified for the Agricultural Refund. With records may qualify for an off-road refund.

To ensure that the applicant's use qualifies as agricultural use, the department of transportation may request state or federal income tax information from the applicant or the department of revenue to determine the ratio of the applicant's gross earned farm income to total gross earned income, excluding unearned income.

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 1<sup>st</sup>, 2017. List fuel purchased before July 1<sup>st</sup>, 2017 in the first section and fuel purchased on or after July 1<sup>st</sup>, 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 1<sup>st</sup>, 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.

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.

- d. Preparer's Information. Complete the third party's preparer's Information (if applicable).
- e. 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.
- f. Print form.
- g. 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](mailto: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.