



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
Washington, D.C. 20224

Small Business/Self-Employed Division

November 29, 2007

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MEMORANDUM FOR EXCISE TAX TERRITORY MANAGERS

FROM: W. Ricky Stiff *W. Ricky Stiff*  
Chief, Excise Tax Program

SUBJECT: Interim Guidance on Enforcement of Dyeing Requirements at  
Fuel Terminals

The purpose of this memorandum is to issue interim guidance to Excise Tax Fuel Compliance Officers (FCOs) pertaining to situations when fuel from a terminal is not dyed to the specifications in Treasury Regulations §48.4082-1(b).

Treasury Regulations §48.4082-1(b) requires any diesel fuel or kerosene that is exempt from the tax imposed by IRC section 4081 to be dyed with dye Solvent Red 164 at a concentration spectrally equivalent to at least 3.9 pounds of solid dye standard Solvent red 26 per thousand barrels of fuel. This converts to a minimum level of 11.1 mgs/L.

A previous policy memorandum established that corrective action, described below, would not be taken if the fuel was found to contain a dye concentration of 9.2 mgs/L or greater. This policy has been changed. The minimum concentration of dye needed to avoid corrective action has been increased.

If a sample of fuel was required to be dyed but found to contain less dye than is required, then the volume of fuel represented by the sample is considered undyed and is fully taxable. If the terminal provided the driver or any other person with a bill of lading or similar shipping document indicating the fuel was dyed in accordance with §48.4082-1, the terminal is jointly and severally liable for the tax. If the shipping document did not indicate the fuel was dyed, the position holder is liable for the tax.

Please refer to IRM 4.24.13 for specific guidance.

**Source(s) of Authority:** Treasury Regulations §48.4082-1(b)

**Effect on Other Document(s):** This change is effective with the issuance of this Interim Guidance Memorandum and will be incorporated into IRM 4.24.13 by 11-29-08.

**Contact:** If you have any questions please contact Excise Tax Fuel Policy Manager, Thomas Ludwig or Excise Tax Fuel Policy Analyst, Michael Rhea.

**Expiration Date:** November 29, 2008

**Cc:** [www.irs.gov](http://www.irs.gov)