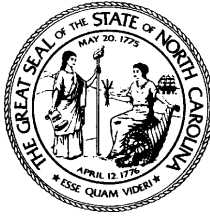


Michael F. Easley
Governor



E. Norris Tolson
Secretary

North Carolina Department of Revenue

Release: Immediately
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(Revised)

Department of Revenue Waives Diesel Fuel Penalty Due to Hurricane Katrina

RALEIGH – The North Carolina Department of Revenue, in response to shortages of clear diesel fuel caused by Hurricane Katrina, will not impose a tax penalty when dyed diesel fuel is sold for use on the highway.

The Department is following similar action taken by the Internal Revenue Service that was announced today. This relief begins immediately and will remain in effect through September 15, 2005.

This penalty relief is available to any person that sells or uses dyed fuel for highway use. In the case of the operator of the vehicle in which the dyed fuel is used, the relief is available only if the operator or the person selling the fuel pays the tax of 27.35 cents per gallon.

Ordinarily dyed diesel fuel is not taxed because it is sold for uses exempt from excise tax, such as to farmers for farming purposes.

Vendors who sell dyed diesel fuel for highway use must file the Department's Motor Fuel Backup Tax Return (Gas 1259) to pay the tax on the dyed fuel.

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