

October 8, 2026

As many of you know, President Trump issued an Executive Order on October 5, 2026, concerning the use of dyed diesel: [Emergency Tax Relief on Diesel Fuel – The White House](#).

Since then, I have received many calls and emails expressing questions and confusion, indicating that the Order's meaning has been widely misinterpreted.

The federal Executive Order directs the Treasury Department to determine whether it has authority to waive penalties for using dyed diesel on public highways and defer the federal excise tax on diesel fuel.

Some aspects of the Presidential Order remain unclear. It gives the Treasury Department five days from October 5th to issue guidance. The directive provides temporary relief and a potential tax deferral; it does not broadly repeal diesel taxes. We must await Treasury's guidance to fully understand its effect.

Even if the Secretary of the Treasury determines that relief is authorized, the federal Order does not override state laws prohibiting dyed diesel on public highways. Each state must issue its own Executive Order to permit such use. Without a state-specific Order, a carrier may still face fines and other penalties for using dyed diesel in that state.

Each state is now deciding whether to allow dyed diesel on its highways without penalty. To date, 11 jurisdictions have issued Executive Orders permitting its use on public highways, and more are expected in the coming days. We post new Orders on our website under Important Notices; please check this section regularly: [IFTA, Inc. International Fuel Tax Association](#).

A carrier that purchases dyed diesel in a state permitting highway use may face penalties or other enforcement action when entering a jurisdiction that does not. Dyed diesel cannot be used broadly on public highways across the United States and Canada unless all 58 IFTA member jurisdictions issue their own Executive Orders or Notices. The same applies to Canadian IFTA jurisdictions, which are not bound by the U.S. federal Order and must issue separate notices by each Province allowing dyed diesel use without penalty. Therefore, even if all 50 states issued Executive Orders, a carrier entering Canada with dyed diesel in its tank would still need authorization from the applicable Canadian jurisdiction.

It is also important to distinguish permission to use dyed diesel from its treatment on an IFTA return. Most states that have issued Orders do **not** exempt dyed diesel from fuel use tax. An IFTA-licensed carrier using dyed diesel on public roads must include all miles and gallons in total miles and total gallons when calculating MPG. Unless a state provides a specific exemption, the carrier must also report the miles as taxable, subject to any other applicable exemption. Because dyed diesel is purchased tax-free, the carrier **cannot** claim it as a tax-paid purchase and will pay the applicable state fuel taxes through the IFTA return. Where no motor fuel use tax exemption applies, dyed diesel is treated like any other untaxed fuel.

There are limited exceptions. Nebraska, for example, allows qualifying miles to be reported as exempt, while Georgia has extended its "Tax Holiday," which exempts the state excise tax on motor fuels through November 5th, 2026.

Please check the Important Notices section of our website regularly for new Executive Orders, including those that exempt motor fuel use taxes: [IFTA, Inc. International Fuel Tax Association](#).

The ATA issued an attached notice advising carriers after consulting me with several questions. Its recommendations appear accurate, particularly its advice to wait for Treasury guidance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carmen Martorana, Jr.", enclosed within a thin black rectangular border.

Carmen Martorana, Jr. CPA, MST
Executive Director, IFTA, Inc.
Email: cmartorana@iftach.org
Phone: 833-438-2669 Ext 0
IFTA, Inc. website: www.iftach.org

From: Henry Hanscom, ATA Chief Advocacy & Public Affairs Officer <media@trucking.org>
Sent: Tuesday, October 6, 2026 10:29 AM
To: Carmen Martorana
Subject: Update on Dyed Diesel Executive Order



October 6, 2026

Dear ATA Members:

I want to provide a brief update on the President's dyed diesel Executive Order and how ATA is advising carriers to approach this new policy.

1. What was announced

On October 5, President Donald J. Trump [signed an executive order](#) directing temporary federal tax-payment and penalty relief for highway use of dyed diesel. Dyed diesel is normally reserved for off-road uses and marked red to distinguish it from fuel subject to highway taxes.

The order directs Treasury and IRS to:

- ***Determine eligibility for tax deferral.*** Within five days, Treasury must determine whether statutory authority permits relief and which taxpayers qualify. If those determinations are made, eligible tax obligations incurred from October 5 through December 31, 2026, would be deferred without interest or penalties, to the extent authorized by law.
- ***Announce dyed-diesel penalty relief.*** Within five days, Treasury must direct IRS to announce that specified penalties will not apply to dyed diesel sold for highway use or used on highways during that period. The announcement must also address penalties for missed semimonthly tax deposits.
- ***Publish implementing guidance.*** That guidance must identify covered taxpayers, conditions, applicable deadlines and the date postponed taxes must ultimately be paid.
- ***Explore tax forgiveness.*** Treasury must examine ways, including legislation, to eliminate the deferred tax obligations. The order itself does not forgive those taxes.

The order also directs federal coordination on fuel access, protection of agricultural distribution and

encouragement of corresponding state action. It explicitly directs FMCSA to continue legally required compliance enforcement.

Bottom line: This is a directive for temporary penalty relief and potential tax deferral, not a blanket repeal of diesel taxes or all fuel-related requirements. We recommend that carriers delay the use of dyed diesel for on-road use until Treasury has issued its guidance.

2. Practical implications for trucking

Potential relief is not the same as permanent savings

Federal statute identifies the federal diesel tax as 24.4 cents per gallon, approximately \$60 on a 250-gallon fill. Its claim of savings exceeding \$100 per fill assumes corresponding state action. Those figures should not be presented as guaranteed savings for every carrier, particularly because federal tax forgiveness remains unresolved.

Dyed diesel does not create additional fuel supply

Dyed and clear diesel come from the same underlying supply. Allowing highway use changes the fuel's tax and enforcement treatment; it does not address the global supply constraints driving prices higher.

Access through normal fueling networks remains a practical hurdle

There are significant distribution challenges: most truck stops and major fleet fueling locations dispense clear diesel, while switching involves storage, delivery controls, labeling and recordkeeping. The executive order directs coordination on access but does not establish that dyed diesel is available throughout carriers' usual fueling networks.

State taxes and interstate reporting require separate clarification

State tax liability and International Fuel Tax Agreement (IFTA) reporting are significant concerns for interstate carriers. Those issues should be checked against new federal guidance and each relevant state's written instructions rather than treated as resolved by the announcement. Some states have suspended enforcement of dyed diesel but have different requirements. [See here](#) for details by state.

Interstate trucks could expose themselves to penalties if they use dyed diesel and enter a state that hasn't issued a waiver.

Highway funding remains an important consideration

Fuel-tax holidays provide uncertain pump-price savings and put highway funding at risk, and there's a distinction between delayed collection and actual forgiveness: if taxes are forgiven, highway use goes untaxed while trucks continue relying on roads and bridges.

Recommended guidance for members

- Do not change fueling practices solely on the basis of the announcement.
- Delay use of dyed diesel for on-road use until Treasury has issued its guidance.
- Confirm eligibility, supplier participation, state requirements, and reporting treatment. Retain complete fuel-purchase and mileage records.
- Do not assume deferred taxes have been eliminated or change fuel-surcharge arrangements based on advertised savings alone.

- Be aware that the use of dyed diesel can stain fuel systems, leaving residual evidence of dyed diesel that could be subject to enforcement measures after federal and state enforcement relief has expired.
- Before using dyed diesel, check with your equipment supplier to ensure that there are no warranty implications.

Please reach out with any questions.

Henry Hanscom

Chief Advocacy & Public Affairs Officer
American Trucking Associations

American Trucking Associations
80 M Street, Suite 800
Washington, DC 20003

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