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IRS waives dyed diesel fuel penalty; shortages due to Hurricane Irma

The IRS announced that because of shortages of undyed diesel fuel caused by Hurricane Irma, it will not impose a penalty when dyed diesel fuel is sold for use or is used on the highway in Florida. This relief is effective September 6, 2017, and will remain in effect through September 22, 2017.

Typically, dyed diesel fuel is not taxed because it is sold for uses exempt from excise tax—such as sales to farmers for farming purposes, for home heating use, and to local governments for buses.

The IRS release—[IR-2017-149](#)—states that the penalty relief is available to any person that sells or uses dyed fuel for highway use.

For operators of vehicles in which the dyed fuel is used, the penalty relief is available only if the operator or the person selling the fuel pays the tax of 24.4 cents per gallon that is normally applied to diesel fuel for highway use. The IRS said that it will not impose penalties for failure to make semi-monthly deposits of this tax.

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