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IRS to waive dyed diesel fuel penalty in Florida; hurricane-related relief

The IRS today—in response to disruptions resulting from Hurricane Ian—announced that it will not impose a penalty when dyed diesel fuel with a sulfur content that does not exceed 15 parts-per-million is sold for use or used by emergency vehicles on the highway in the state of Florida.

According to the IRS release—[IR-2022-169](#) (September 30, 2022)—the relief is effective as of September 28, 2022, and will remain in effect through October 19, 2022.

The penalty relief is available to any person that sells or uses dyed diesel fuel in an emergency vehicle for highway use.

- In the case of the operator of the emergency vehicle in which the dyed diesel fuel is used, the relief is available only if the operator or the person selling such fuel pays the tax of 24.4 cents per gallon that is normally applied to diesel fuel for highway use.
- The IRS will not impose penalties for failure to make semimonthly deposits of tax for dyed diesel fuel sold for use or used in an emergency vehicle on the highway in the state of Florida during the relief period.

In general, dyed diesel fuel is not taxed when sold for uses that are exempt from excise tax—e.g., sales to farmers for farming purposes, for home heating use, and to local governments for buses.

For more information, contact a tax professional with KPMG's Excise Tax Practice group:

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