

# P M A A W E E K L Y REVIEW

PMAA's weekly update on important  
national industry news

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## IRS Issues Hefty Fines for Failure to Display Dyed Fuel Dispenser Labels

PMAA is continuing to receive calls about ongoing IRS enforcement of dispenser labeling requirements.

The IRS requires all dyed diesel and dyed kerosene dispensers to have a specific label indicating that the fuel is for nontaxable use only. The labeling requirement has been in place for diesel and dyed diesel dispensers since 1993 and for dyed and clear kerosene dispensers since 1998. The IRS has recently stepped up enforcement of the dispenser label requirements. Some petroleum marketers are under the mistaken belief that the EPA's LSD and ULSD dispenser labels - which also provide notice on nontaxable uses of these fuels – are a replacement for the IRS labels. This is incorrect. Both the IRS and EPA labels are required despite their apparent redundancy.

The following IRS labels must be posted on any retail dispenser or other delivery facility (skid tank, consumer dispensers at bulk plants or card locks) where dyed diesel fuel and/or dyed kerosene are dispensed for use by a purchaser/consumer:

***“DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE” or,***

***“DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE”.***

In addition, the following label must be posted on all blocked pumps that sell clear, untaxed kerosene:

***“UNDYED UNTAXED KEROSENE, NONTAXABLE USE ONLY”.***

The labels must be affixed to the dispenser in a conspicuous place within easy sight of

the person dispensing the fuel either on the face of the dispenser (on both sides) or on the side of the dispenser just above the nozzle housing.