

CUSTOM FARMER IRS TAX ALERT!

If you buy Clear Diesel, you cannot file for a refund with the IRS for the FET (Federal Excise Taxes) paid on the custom farming usage. The IRS does not consider Custom Farmers as end users and only end users can file for refunds.

You must charge your customer for the FET on your fuel as a separate line item so they are able to file for refund on this cost. If charging them separately is not feasible, then you might want to consider these FET costs as part of your overhead when pricing your custom farming.

Other important items:

1. If at all possible, buy Red Diesel so Federal & State taxes are not charged.
2. If you do both Custom Farming and are a Farmer personally, it is imperative to keep good records that allow you to calculate the gallons used for Custom Farming separate from your personal farm use. If not, you may not be disallowed the IRS FET exemption refund or credit you are entitled to on your personal farm use (you are the end user for this use.)