

INFORMATION REGARDING DIESEL EXEMPTIONS AND REFUNDS

DIESEL EXEMPT USERS:

Farmers, Bus Operators, or Government Entity: You may purchase Clear Diesel exempt the State Excise Tax by completing an exemption certificate. Farmers may purchase red dyed diesel which is exempt the Federal and State Excise Tax also. Please be informed that any vehicle licensed for **On-Road Use cannot** use Red Dyed Diesel. For exceptions or licensing status we recommend you contact IRS or the State Board of Equalization.

All Other Off-Road Users: must purchase Red Dyed Diesel to be exempt the Federal and State Excise Taxes. Red Dyed Diesel can only be used in Off-Road Vehicles or Off-Road Equipment. Please verify with the IRS and State Board of Equalization licensing status and requirements. You can contact SBOE at www.boe.ca.gov or the IRS at www.irs.gov.

TAX REFUNDS:

Federal Excise Tax Refund: All off-road users which pay the FET on Clear Diesel, can use claim Form 4136 to claim a credit for the Federal excise tax paid which was used for nontaxable uses during the income tax year. However, you may use Form 8849 Claim for Refund of Excise Taxes, to claim a periodic refund of excise taxes instead of waiting to claim annual credit on Form 4136. Partnerships (other than electing large partnerships) cannot file this form. Instead, they must include a statement on Schedule K-1 (Form 1065). You can obtain these forms from the following website www.irs.gov or call our office at (209) 537-0723.

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. See "Custom Farmer Tax Alert" notice on www.vinefuels.com/taxforms for more information.

State Excise Tax Refund: All off-road users which pay the SET on clear diesel, can file for a refund from the State Board of Equalization using claim form SP-770-DU2.

Sales Tax Refund on FET: This refund is available only to those who have filed for refund of FET paid on clear diesel which was used off road. Contact us for a form to receive credit.

All Tax Forms and tax information can be obtained by visiting our website at www.vinefuels.com.