



## **Treatment of Ultra-Low Sulfur Kerosene under Articles 12-A, 13-A, and 28 of the Tax Law**

All exemptions and provisions for unenhanced diesel motor fuel apply to dyed ultra-low sulfur kerosene.

The Tax Department has determined that all of the exemptions and provisions pertaining to unenhanced diesel motor fuel are allowed for dyed *ultra-low sulfur kerosene* for the purposes of the excise, petroleum business, and sales taxes imposed by Articles 12-A, 13-A, and 28 of the Tax Law.<sup>1</sup> *Ultra-low sulfur kerosene* means kerosene meeting the federal Environmental Protection Agency standard of 15 parts per million (maximum) sulfur content.

No exemption is allowed if the dyed ultra-low sulfur kerosene is delivered to a filling station or into a storage tank or other repository equipped with a nozzle or similar apparatus capable of dispensing the fuel into the tank of a motor vehicle. However, the delivery of water-white kerosene at a filling station or other retail vendor for resale exclusively as heating fuel in containers of no more than twenty gallons is exempt.<sup>2</sup>

Ultra-low sulfur kerosene (whether it is dyed or not) is subject to tax as **enhanced** diesel motor fuel if:

- it is combined or blended with any other substance and the resulting product constitutes diesel motor fuel;
- it is designated as *No.1 diesel fuel*, *No.2 diesel fuel* or any similar designation indicating that it is to be used or sold for use in a motor vehicle; or
- it is dispensed into the fuel tank of a motor vehicle.

**Example:** Distributor 1 sells clear ultra-low sulfur kerosene at the terminal rack to Distributor 2. The absence of dye for a sale at the terminal rack indicates that the kerosene is subject to tax as fuel to be used or sold for use in a diesel-powered motor vehicle.

Diesel motor fuel, **other than kerosene**, meeting the 15 parts per million (maximum) sulfur standard is considered enhanced diesel motor fuel regardless of its designation. Accordingly, all of the provisions related to enhanced diesel motor fuel apply.<sup>3</sup>

<sup>1</sup> For more information, see [TSB-M-07\(2\)M, \(4\)S](#), *Treatment of Nonroad, Locomotive & Marine Diesel Fuel under Articles 12-A, 13-A, and 28 of the Tax Law*.

<sup>2</sup> See [Form FT-1020](#), *Exemption Certificate for Certain Taxes Imposed on Diesel Motor Fuel and Propane*

<sup>3</sup> For more information, see [TSB-M-10\(13\)M, \(17\)S](#), *Update on the Treatment of Nonroad, Locomotive & Marine Diesel Fuel under Articles 12-A, 13-A, and 28 of the Tax Law*.

**Technical Memorandum**  
**TSB-M-11(2)M**  
Petroleum Taxes  
**TSB-M-11(2)S**  
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