



Excise Tax Division
North Carolina Department of Revenue
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www.ncdor.gov

IMPORTANT NOTICE:

North Carolina Department of Revenue Waives Dyed Diesel Fuel Penalty Due to Colonial Pipeline Cyber-Attack and Fuel Supply Chain Disruptions

The Internal Revenue Service issued an [announcement](#) allowing the use of dyed diesel fuel when it is sold for use or used on the highway in North Carolina. In response to this announcement and the fuel supply disruptions due to the cyber-attack on the Colonial Pipeline system, the North Carolina Department of Revenue will not impose a tax penalty when any of the following occur:

- A person sells or dispenses dyed diesel fuel into the supply tank of a highway vehicle or a person allows dyed diesel fuel to be dispensed into the supply tank of a highway vehicle.
- A person uses dyed fuel in a highway vehicle that is licensed or required to be licensed under Chapter 20 of the North Carolina General Statutes.

This relief is only available if the excise tax is remitted on each gallon of fuel, which includes the 36.1 cents road tax and the one fourth of one cent (\$0.0025) inspection tax. Persons selling dyed diesel fuel for highway use or persons using dyed diesel fuel for highway use must file the Department's Motor Fuel Backup Tax Return ([GAS-1259](#)) and pay the excise tax on the dyed diesel fuel.

This relief is retroactive to May 7, 2021, and will remain in effect through May 21, 2021.

Taxpayers who use dyed diesel fuel during this relief period should be aware this penalty relief is only available within North Carolina. Motor vehicles operated using dyed fuel outside the State may be subject to penalties imposed by other States.

Taxpayers who use dyed diesel fuel during this relief period should be aware that remnants of dyed fuel products could remain in the fuel supply tank without taking appropriate remedial measures. Taxpayers will be subject to civil penalties if the Department finds the presence of dye in the fuel supply tank of a motor vehicle after the relief period has ended.

If you have questions about the information in this notice, please contact the Excise Tax Division at telephone number (919) 707-7500 or toll free at (877) 308-9092.