

# Aviation fuel sales

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Aviation or aircraft fuel is subject to various taxes from the time the crude oil is brought into this state to be refined to the time it is sold to a consumer for use in aircraft. There are two common aircraft fuels sold in Washington:

- Aviation gasoline.
- Jet fuel.

Both fuel types are taxed the same way. However, the calculation of the selling price subject to tax depends on the nature of the sale, as described below.

## Calculating the selling price of aviation fuel

### **Wholesale sales to resellers**

Sales of aircraft fuel to buyers that provide the seller with a reseller permit are subject to business and occupation (B&O) tax under the wholesaling classification. The amount of state aircraft fuel tax (DOL) collected from the buyer is excluded from the selling price for calculating the amount of B&O tax due.

### **Retail sales to consumers**

Retail sales tax applies to the selling price of the aircraft fuel which includes any of the taxes listed below (other than sales tax). The income received by selling fuel to consumers is also subject to B&O tax under the retailing classification.

All the taxes listed below, other than sales tax, are imposed on the seller of the fuel or at a distributor level. The taxes are not imposed directly on the consumer. Therefore, these taxes are not deductible from the selling price whether shown separately on an invoice or not.

There is no exemption from retail sales tax when the per-gallon aircraft fuel tax applies.

### **Retail sales tax exemptions**

Farm fuel users are exempt from retail sales tax on the purchase of aircraft fuel for agricultural purposes. The seller should retain a completed copy of the Farmers' Certificate for Wholesale Purchases and Sales Tax Exemptions.

A retail sales tax exemption is available for purchases of aircraft fuel by common or private carriers registered by the Department for use in interstate or foreign commerce. The seller should retain a copy of the Buyers' Retail Sales Tax Exemption Certificate. The buyer will owe use tax on fuel consumed within Washington.

## **Taxes applying to aviation fuel**

### **Federal**

Aviation fuel tax (IRS).

### **State**

Aircraft fuel tax (DOL).

State business and occupation (B&O) tax (DOR).

Retail sales tax (DOR).

Hazardous substance tax (DOR).

Petroleum products tax (DOR).

Oil spill response fee and oil spill response administrative fee (DOR).

### **Local**

Local B&O tax (cities).

Airport flow fees (Airport authorities).

## **References**

RCW 82.42 – Aircraft Fuel Tax (DOL)

RCW 82.04 – State B&O Tax (DOR)

RCW 82.08 – Retail Sales Tax (DOR)

RCW 82.21 – Hazardous Substance Tax (DOR)

RCW 82.23A – Petroleum Products (DOR)

RCW 82.23B – Oil Spill Response Tax (DOR)

## RCW 82.12 – Use Tax

RCW 82.08.865 – Exemptions diesel, biodiesel, and aircraft fuel for farm fuel users

WAC 458-20-175 – Persons engaged in the business of operating as a private or common carrier by air, rail, or water in interstate or foreign commerce.

WAC 458-20-198 – Taxes, deductibility



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