



## FEDERAL GASOLINE TAX EXEMPTION OVERVIEW *Changes Effective March 1, 2005.*

### WHAT'S CHANGING?

- The new American Jobs Creation Act is scheduled to go into effect on March 1, 2005 which changes the treatment of federal gasoline tax.
- Wright Express will change our Tax Exemption & Reporting Program to offer a choice of options to help you manage federal gasoline taxes at all accepting merchants, even if they no longer offer the federal gasoline excise tax exemption.
- Changes apply to transactions beginning on March 1, 2005.
- NOTE: State and local taxes will continue to be exempted for eligible fleets only at merchants participating in our tax program

### WHAT ARE MY OPTIONS?

We are offering two options to assist you with your federal gasoline tax refund. If you do not select either option, you will be billed for federal excise tax on gasoline purchases at merchants who do not offer this exemption or do not participate in our tax program, and you will be responsible for filing for your refund. If you elect one of the tax program options described below, you will need to complete the enclosed form(s).

#### Option A – Tax Advance

Wright Express will exempt the federal excise tax for gasoline fuel purchases at the time you are invoiced.

Each quarter, Wright Express will prepare all forms necessary to file for your federal excise tax on gasoline purchases. You have the choice of signing a power of attorney that allows us to file on your behalf or we can send you the forms to sign and submit to the IRS. Within 60 days after the end of the quarter, Wright Express will invoice you for the monies previously advanced for that quarter.

Wright Express will charge a fee of \$0.0106 per gallon for gasoline purchased at merchants who do not offer this exemption through the tax exemption program. The fee will not apply to transactions at merchants who continue to participate in our federal gasoline tax-exempt program.

Please note, being eligible for federal gasoline tax exemptions at all merchants will increase your overall refund, even with the fee. Instead of missing out on federal gasoline tax exemptions at \$0.184 per gallon, this option allows you to receive \$0.1734 per gallon, even at independent fuel merchants.

#### Option B – Filing Support

If you prefer to wait until the end of the quarter to file for your refund, we offer quarterly tax filing preparation services. We will bill you for the federal gasoline tax and you will retain the quarterly IRS refund. Again, you have the choice of having Wright Express file on your behalf or submitting for the refund yourself. The fee is \$50 per federal taxpayer ID number (FEIN).

#### Prepare & File your own Refund

If you do not submit the enclosed form selecting your option, you will be billed for federal gasoline tax at non-participating federal gasoline tax merchants. You can use the "Reported Tax" information on your Tax Summaries to file on your refund. For IRS information on how to file for a refund, go to <http://www.irs.gov/pub/irs-pdf/f8849s5.pdf>

### WHAT SHOULD I DO NEXT?

You can call our Customer Service Tax Group at **1-866-462-5038** or your account representative if you have any questions. We are also posting the enclosed documentation and an up-to-date list of participating merchants on <http://www.wexnews.com/tax.asp>.

### WHO DO I CONTACT IF I HAVE QUESTIONS?

Review the options carefully and decide which one works best for your fleet. Complete and sign the enclosed Federal Tax Request form and fax to 1-207-791-5342 as soon as possible, but no later than **February 18, 2005** to avoid disruption to your federal gasoline tax exemption.

**View and print the up-to-date Wright Express Federal Tax Exemption & Reporting documentation at <http://www.wexnews.com/tax.asp>**



# FEDERAL GASOLINE TAX EXEMPTION

## Frequently Asked Questions

**Q: Why is Wright Express changing their tax exemption program?**

The American Jobs Creation Act, scheduled to go into effect on March 1, 2005, makes it difficult for merchants to continue operating the tax-exempt program with Wright Express (WEX) as they do today. This bill states that the Ultimate Vendor, under Section 6427, is the party permitted to file for IRS refund.

**Q: What is the basis for the new WEX program?**

WEX will rely on existing IRS regulations (Section 6421) and published guidance from the IRS, to take advantage of the fact that the Ultimate Purchaser (or end purchaser) of the gasoline has a right to file for refund of federal gasoline tax.

**Q: Why can't the WEX program also rely on this regulation for federal diesel tax?**

Ultimate Purchaser applies only to gasoline in the existing IRS Code.

**Q: Will I still need to sign certificates in the name of each merchant I fuel at to participate in the program.**

Yes and No. For those merchants who continue their federal gasoline program with us as they do today, WEX will still require federal exemption and ultimate purchaser certificates in the name of the fleet and those merchants. For all other merchants not offering federal gasoline exemptions, no certificates will be needed.

**Q: How do I know which merchants participate in federal gasoline exemptions and which don't?**

For a list of participating merchants, please go to <http://www.wexnews.com/tax.asp>

**Q: Under the new program, am I limited as to where I can fuel to receive my exemptions?**

No. Regardless of which option you choose, you are eligible to receive federal gasoline tax exemption anywhere you fuel with your Wright Express card.

**Q: Will I still receive my state and local level tax exemptions in the program?**

Yes, if you are qualified to receive these types of exemptions you will continue to receive these exemptions at participating merchant locations only.

**Q: If I elect to have Wright Express prepare my tax filing, when can I expect to receive the forms?**

Assuming you have met the \$750 minimum refund level, WEX will prepare your filings within 30 days of the quarter close. If you do not meet the minimum amount, we will hold the information until you meet the requirement or until the end of the year and prepare the filing based on the cumulative quarters.

If you sign IRS form 2848 giving Wright Express power of attorney to file the forms on your behalf, we will send you copies of the forms once we prepare them. Otherwise, we will send you the forms to sign and submit to the IRS.

**Q: How will the program fees be assessed?**

This fee will appear as an ancillary fee on your invoice.

**Q: If I want to file on my own, how can I do so?**

The appropriate IRS form 8849 (Schedule 5) can be found at <http://www.irs.gov/pub/irs-pdf/f8849s5.pdf>

**Q: How long does the IRS typically take to process refunds for Ultimate Purchasers?**

Refunds to Ultimate Purchasers take up to 45 days to be processed.

**Q: How may filings am I allowed per quarter as an Ultimate Purchaser?**

IRS regulations restrict each federal tax ID (FEIN) to one filing per quarter.