



To: Tax Exempt Accounts
Date: March 1, 2005
Subject: Regulatory Update Affecting Tax-Exempt Fleets
RE: American Jobs Creation Act 2004, Section 865 Taxable Fuel Refunds for Certain Ultimate Vendors

Based on Guidance Notice 2005-24 issued by the IRS today, specific provisions of The American Jobs Creation Act (AJCA) scheduled to go into effect March 1, 2005 have been delayed until statutory changes are made or until further guidance is issued by the Treasury Department.

As you'll recall from previous communications, the American Jobs Creations Act states that Federal gasoline excise taxes would be subject to rules similar to Federal diesel fuel excise taxes, which impacts the handling of exemption of Federal gasoline taxes under our current program. There were no changes to Federal diesel tax in this bill. Federal diesel tax legislation still requires that only the ultimate vendor, or seller of the fuel, may claim the refund. This bill does not change our current methodology for handling state and local taxes.

Based on this guidance, Wright Express will continue to offer Federal gasoline tax exemption to eligible customers under our current program. If you recently completed and sent in your Federal Gasoline Tax Exemption Request, electing either Option A: Tax Advance or Option B: Filing Service, we will delay implementation of your election until statutory changes are made or until further guidance is issued by the Treasury Department.

The IRS stated in its Notice 2005-24 that it was extending the implementation of the AJCA as the intent of the AJCA was not to prohibit the allowance of Federal gasoline excise taxes to be facilitated by oil companies when the purchase was made using an oil company credit card. Delaying the implementation of AJCA until a statutory change is made in the IRS Code will allow Congress to continue to work with stakeholders to provide a more efficient long-term solution for the handling of tax-exempt gasoline and diesel fuel purchased on a charge or credit card.

For more information, this guidance can be viewed on <http://www.irs.gov/pub/irs-drop/n-05-24.pdf>

Although there has been some relief for the Federal gasoline tax issue based on this IRS extension, Wright Express will continue to work with legislators and the API to support language allowing the credit card issuer to be registered as the ultimate vendor and to claim the tax refund for both Federal gasoline and diesel purchases.

We'll keep you updated as we receive more information.

For more information, call the Wright Express Tax Group at **1-866-462-5038**. If you would like to write to your senators in support of our legislative efforts, please contact Stephanie Wood at 207-523-7366 or email stephanie_wood@wrightexpress.com.

Sincerely,

Customer Service Tax Group