HAWAII ADMINISTRATIVE RULES

TITLE 18

DEPARTMENT OF TAXATION

CHAPTER 243

FUEL TAX LAW

§18-243-1 to §18-243-3	(Reserved.)
§18-243-4-01	Refund of fuel taxes in excess of 1 cent per gallon for certain liquid fuels used for operating agricultural equipment in areas other than upon the public highways of the State.
§18-243-4-02	Refund of fuel tax on diesel oil and liquefied petroleum gas used for operating motor vehicles in areas other than upon the public highways of the State.
§18-243-4.1 to §18-243-6	(Reserved.)
§18-243-7-01	Tax not applicable, sale of bonded aviation/jet fuel.
§18-243-8 to §18-243-16	(Reserved.)

This is an unofficial compilation of the Hawaii Administrative Rules as of December 31, 2025.

Historical Note: Chapter 243 of Title 18, Hawaii Administrative Rules, is based substantially upon Regulation No. 70-11 of the Department of Taxation [Eff 6/12/70; R 2/16/82] and Regulation No. 72-3 of the Department of Taxation [Eff 7/1/71; R 2/16/82]; [am 8/12/02].

§18-243-1 to 18-243-3 (Reserved)

HRS §243-4 **§18-243-4-01 Refund of fuel taxes in excess of 1 cent per gallon for certain liquid fuels used for operating agricultural equipment in areas other than upon the public highways of the State.** (a) For purposes of this section:

"Agricultural equipment" means any vehicle or mechanical apparatus powered by its own motor or engine using liquid fuel and:

(1) Used in carrying on a trade or business in the State involving agriculture; or

(2) Used in connection with cultivating soil; raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, fur-bearing animals and wildlife; handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state; planting, cultivating, caring for, or cutting of trees or in connection with the preparation (other than milling) of trees for market; but only if such operations are incidental to the farming operations; operating, managing, conserving, improving, or maintaining a farm and its tools and equipment.

"Liquid fuel" means liquids usable in internal combustion engines for the generation of power and refers to paragraphs (3) through (6) of section 243-4(a), HRS; provided however that for purposes of this section the term shall not include:

(1) Diesel oil;

(2) Gasoline or other aviation fuel used for airplanes; and

(3) Liquefied petroleum gas, benzol, benzene, toluol or xylos.

"Non-highway or off the highway use" means use of liquid fuel for operating agricultural equipment in areas other than upon the public highways of the State.

"Public highways" means the same as the term is defined in section 264-1, HRS.

(b) The amount of refund is subject to the following:

(1) The amount of state and county fuel taxes subject to refund shall be determined by multiplying the number of gallons of liquid fuel used by the tax rates as provided under:
(A) Paragraphs (3) through (6) of section 243-4(a), HRS, in excess of 1 cent per gallon; and
(B) Section 243-5, HRS, respectively.
(2) Any interest accruing on a claim for refund shall be made as provided under sections 231-23(c)(1) and 231-23(d)(1) and (2), HRS.
(3) Fuel taxes paid on liquid fuel used for highway purposes or on non-agricultural equipment and liquid fuel exempt from tax as provided under sections 243-7 and 243-4(d), HRS, shall not be subject to refund.

(c) All claims for refund under this section shall be filed within three years of April 20 of the year following the year in which the fuel subject to the refund is used. With respect to when and how to file a claim:
(1) The ultimate user of the liquid fuel may obtain a refund by filing a claim quarterly or annually with the department.
(2) A claim may be filed quarterly if the amount of refund is in excess of $1,000 within any calendar quarter. Where the amount of refund within a calendar quarter is not in excess of $1,000 but the cumulative amounts for two or more calendar quarters exceed $1,000, a claim for refund covering such calendar quarters may be filed. Any claim not exceeding $1,000 quarterly or cumulative quarterly shall be filed on a calendar year basis regardless of the basis used for record-keeping purposes or for filing other tax returns.

Example: "A" Corporation is a calendar year taxpayer. It computed the following amounts of allowable liquid fuel taxes paid at the end of each quarter:

January 1 through March 31	$2,500
April 1 through June 30	500
July 1 through September 30	600
October 1 through December 1	1,500

"A" Corporation may elect to file quarterly claims for the quarters ending March 31 and December 31. It may not file quarterly claims for the quarter ending June 30 and September 30 since the amounts within those quarters were less than $1,000. However, the refund for such quarters may be combined and the cumulative amount of $1,100 ($500+$600) may be claimed for the quarter ending September 30.

(d) Liquid fuel used on agricultural equipment operated both off and on the highways of the State may be allocated on actual gallons used, percentage of total gallons used or other basis acceptable by the director. Such allocation must be based, however, upon operating experiences and supported by taxpayer's records.

(e) An itemized list showing the various agricultural equipment utilized and the corresponding number of gallons of liquid fuel used on such agricultural equipment need not be submitted with the claim. Generally, a claim for refund shall be supported by the furnishing of the following information:
(1) Total gallons on hand at beginning of period.
(2) Total number of gallons of liquid fuel purchased during the period.
(3) Total number of gallons of liquid fuel used on non-agricultural equipment or for highway purposes.
(4) Total number of gallons of liquid fuel used on agricultural equipment for non-highway purposes.
(5) Total number of gallons of liquid fuel on hand at end of the period.
(6) Name of the county in which the liquid fuel was used. (Separate claim to be filed for each county).
(7) Name of the seller or sellers.

(f) Taxpayers are expected to keep at their principal place of business in the state such records as will enable the director to verify the accuracy of the refund claimed. The records must show separately the number of gallons of liquid fuel used for the purpose that will qualify for refund. [Eff 2/16/82; am and ren 8/12/02; am 8/21/2021] (Auth: HRS §§231-3(9), 243-4, 243-16) (Imp: HRS §243-4)

HRS §243-4 **§18-243-4-02 Refund of fuel tax on diesel oil and liquefied petroleum gas used for operating motor vehicles in areas other than upon the public highways of the State**. (a) For purposes of this section:

"Diesel oil" means diesel oil for which tax rates are provided in paragraph (1) of section 243-4(a), HRS, and paragraphs (1) through (4) of section 243-4(b), HRS.

"Liquefied petroleum gas" means liquefied petroleum gas for which tax rates are provided in paragraphs (1) and (2) of section 243-4(c), HRS.

"Non-highway use" or "off the highway use" means use of diesel oil or liquefied petroleum gas for operating motor vehicles in areas other than upon the public highways of the State.

(b) The furnishing of exemption certificates under this section is subject to the following:

(1) For any user of diesel oil or liquefied petroleum gas who furnished an exemption certificate to the distributor, or the distributor who uses diesel oil or liquefied petroleum gas signs such certificate, certifying that diesel oil or liquefied petroleum gas is for use in operating motor vehicles off the public highways, the taxes imposed under paragraphs (1) through (4) of section 243-4(b), HRS, and paragraph (2) of section 243-4(c), HRS, shall not be applicable.

(2) In the event an exemption certificate is not or cannot be furnished to the distributor, the tax shall be imposed upon all sales for operating motor vehicles and collected as if the diesel oil or liquefied petroleum gas is to be used for operating motor vehicles upon the public highways of the State.

(3) An exemption certificate shall not be required if:

(A) Diesel oil is used as a fuel for operating a stationary engine, watercraft, or for heating purposes; or

(B) Liquified petroleum gas is used exclusively for fuel and heating purposes in a home, restaurant, or an industrial plant and not used for operating an internal combustion engine in such areas.

Notwithstanding this paragraph, the imposition of the 1 cent tax with respect to diesel oil used for purposes stated therein shall not be exempted.

(c) The amount of refund is subject to the following:

(1) The amount of state and county fuel taxes subject to refund shall be determined by multiplying the gallons of:

(A) Diesel oil used for operating motor vehicles off the highways by the tax rates as provided under sections 243-4(b)(1) through (4), HRS, and 243-5, HRS, and

(B) Liquefied petroleum gas used for operating motor vehicles off the highways by the tax rates as provided under sections 243-4(c)(2) and 243-5, HRS.

(2) Any interest accruing on a claim for refund shall be made as provided under sections 231-23(c)(1) and 231-23(d)(1) and (2), HRS.

(d) All claims for refund under this section shall be filed within three years of April 20 of the year following the year in which the fuel subject to the refund is used. With respect to when and how to file a claim:

(1) The ultimate user of the diesel oil or liquefied petroleum gas may obtain refund of all taxes imposed under paragraphs (1) through (4) of section 243-4(b), HRS, and paragraph (2) of section 243-4(c), HRS, by filing a claim form quarterly or annually with the department in a situation where:

(A) An exemption certificate was not or could not be furnished to the distributor and the tax was imposed and collected as provided under paragraph (b)(2); or

(B) The diesel oil or liquefied petroleum gas was initially purchased and intended for use upon the highways but was subsequently used off the highways.

(2) A claim may be filed quarterly if the amount of refund is in excess of $1,000 within any calendar quarter. Where the amount of refund within a calendar quarter is not in excess of $1,000 but the cumulative amounts for two or more calendar quarters exceed $1,000, a claim for refund covering such calendar quarters may be filed. Any claim not in excess of $1,000 quarterly or cumulative quarterly shall be filed on a calendar year basis regardless of the basis used for record keeping purposes or for filing other tax returns.

Example: "A" Corporation is a calendar year taxpayer. It is entitled to refund of the following amounts of diesel oil and liquefied petroleum gas taxes imposed and paid as provided under paragraphs (1) through (4) of section 243-4(b), HRS, and paragraph (2) of section 243-4(c), HRS, at the end of each quarter:

January 1 through March 31	$2,500
April 1 through June 30	500
July 1 through September 30	600
October 1 through December 1	1,500

"A" Corporation may elect to file quarterly claims for the quarters ending March 31 and December 31. It may not file quarterly claims for the quarters ending June 30 and September 30 since the amounts within those quarters were less than $1,000. However, the refund for

such quarters may be combined and the cumulative amount of $1,100 ($500+$600) may be claimed for the quarter ending September 30.

(e) Diesel oil and liquefied petroleum gas used for operating motor vehicles both off and on the highways of the State may be allocated on actual gallons used, percentage of total gallons used or other basis acceptable by the director. Such allocation must be based, however, upon operating experiences and supported by taxpayer's records.

(f) An itemized list showing the various motor vehicles utilized and the corresponding gallons of diesel oil and liquefied petroleum gas used on such motor vehicles need not be submitted with the claim. A claim for refund shall be supported by furnishing the following information:

(1) Total gallons on hand at beginning of the period.
(2) Total gallons purchased during the period.
(3) Total gallons used for off the public highway purposes.
(4) Total gallons used for purposes other than in paragraph (3).
(5) Total gallons on hand at end of the period.
(6) Name of the county in which the diesel oil or liquefied petroleum gas was used. (Separate claim to be filed for each county).
(7) Name of the seller or sellers.

(g) Taxpayers are expected to keep at their principal place of business in the State such records as will enable the director to verify the accuracy of the refund claimed. The records must show separately the gallons of diesel oil or liquefied petroleum gas used for the purpose that will qualify for refund. [Eff 2/16/82, am and ren 8/12/02; am 8/21/2021] (Auth: HRS §§231-3(9), 243-4, 243-16) (Imp: HRS §243-4)

§18-243-4.1 to §18-243-6 (Reserved)

HRS §243-7 **§18-243-7-01 Tax not applicable, sale of bonded aviation/jet fuel.** The fuel tax shall not apply to the sale of bonded aviation/jet fuel to air carriers departing for foreign ports or arriving from foreign ports on stopovers before continuing on to their final destinations. [Eff 8/12/02] (Auth: HRS §§231-3(9), 243-16) (Imp: HRS §243-7)

§18-243-8 to §18-243-16 (Reserved)