

# Special Notice

*Intended audience: pipeline businesses and end consumers of natural gas delivered through a pipeline*

**Oct. 31, 2019**

## Brokered natural gas (BNG) use tax

Effective Nov. 1, 2019, the department clarifies the use tax requirements of pipeline businesses and end consumers of brokered natural gas (BNG) delivered through a pipeline.

The department has withdrawn Det. 14-0219, 35 Washington Tax Decision (WTD) 372 (2016). The determination incorrectly concluded that in-kind payment of lost and unaccounted for gas should be included in an end consumer's BNG use tax base.

Consumers must report and pay a use tax for the privilege of using natural gas or manufactured gas in Washington state. This includes compressed natural gas and liquefied natural gas ([RCW 82.12.022](#)).

Natural gas is considered being used or put to use in Washington whenever it is burned or stored in a taxpayer's own facility for later consumption by the taxpayer, including such use by pipeline businesses ([RCW 82.12.010\(6\)\(h\)](#)).

## Pipeline businesses

### Delivering inside Washington state

Beginning with the Nov. 2019 return, pipeline businesses delivering BNG to a destination in Washington state must report and pay **both** of the following:

- The **state** BNG use tax on the value of fuel gas and the value of lost and unaccounted for gas on the transportation charges line of its return.
- The **local** (city) BNG use tax on the value of fuel gas and the value of lost and unaccounted for gas in the delivery destination city (if such city has a local BNG use tax).

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For tax assistance or to request this document in an alternate format, visit [dor.wa.gov](http://dor.wa.gov) or call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

## Delivering outside of Washington state

Beginning with the Nov. 2019 return, pipeline businesses delivering BNG to a destination outside of Washington state must report and pay the following:

- The **state** BNG use tax on the value of fuel gas and the value of lost and unaccounted for gas used in Washington, on the transportation charges line of its return.

## End consumers

Consumers receiving BNG in Washington delivered by a pipeline must report and pay the following:

- The **state** BNG use tax on the value of BNG received in Washington.
- The **local city** BNG use tax on the value of BNG received in localities that assess BNG use tax.

If you used the natural gas at a county address, you only need to complete the state portion of this tax.

## Use tax refund

As an end consumer of BNG, you may be entitled to a refund of the state and local BNG use tax paid on fuel gas or lost and unaccounted for gas. You will need to work with your pipeline business to determine if it previously also paid the state and local BNG use tax.

To request a refund, you must complete an [application for refund](#) or credit of overpaid taxes.

## Definitions

**Brokered natural gas (BNG)** refers to natural gas purchased by a consumer from a source out of the state and delivered to the consumer inside or outside of this state.

**Fuel gas** refers to gas used by a pipeline to power the compressors that move the gas through the pipeline.

**Lost and unaccounted for gas** refers to gas lost due to small leaks or metering errors in the course of moving from one place to another through a pipeline.

**Note:** A pipeline business will generally include a provision in its tariff that fixes a percentage of the gas that it may retain as fuel gas and lost and unaccounted for gas.

## More information

Visit [dor.wa.gov/NaturalGasUseTax](https://dor.wa.gov/NaturalGasUseTax)

[ETA 3133.2019](#) Withdrawal of Published Determinations Excise Tax Advisory

[RCW 82.12.022](#) Use tax imposed on natural or manufactured gas

[RCW 82.14.230](#) City imposed use tax on natural or manufactured gas

[WAC 458-20-17902](#) Brokered natural gas use tax

**Note:** this rule may include outdated or incomplete guidance regarding the issues addressed in this Special Notice. Accordingly, until the rule is updated, this Special Notice should be considered our most recent information and controlling guidance on these topics.

## Questions?

If you have questions please call 360-705-6215.