

COMMONWEALTH OF VIRGINIA

Department of Environmental Quality

GUIDANCE FOR THE CERTIFICATION OF WASTE MOTOR OIL BURNING EQUIPMENT FOR STATE INCOME TAX CREDIT UNDER SECTION 58.1-439.10 OF THE CODE OF VIRGINIA

Revised August 1, 2002

GUIDANCE FOR THE CERTIFICATION OF WASTE MOTOR OIL BURNING EQUIPMENT FOR STATE INCOME TAX CREDIT

INTRODUCTION:

The 1998 Virginia General Assembly adopted a number of measures dealing with the matters of solid waste management and recycling. The 1998 General Assembly enacted an amendment to the *Code of Virginia* stating that any taxpayer who operates a business in the Commonwealth and accepts waste motor oil from the public "shall be allowed a credit against the tax imposed pursuant to §58.1-320 (or §58.1-400) in an amount equal to fifty percent of the purchase price paid during the taxable year for equipment used exclusively for burning waste motor oil at the business facility. The total credit allowed to any taxpayer under this section in any taxable year shall not exceed \$5,000 and any tax credit under this section shall be used only for the taxable year in which the purchase price of the waste motor oil burning equipment was paid."¹ The provisions of this act became effective for taxable year beginning on January 1, 1999.

The waste oil burning equipment must be certified by the Department of Environmental Quality in accordance with §58.1-439.10 of the *Code of Virginia*.

For the purposes of certification, the Department of Environmental Quality will adhere to the procedures defined in this guidance.

I. DEFINITIONS:

For the purpose of this guidance, the following terms have these meanings:

"Certification" means a signed statement (see attached Form DEQ 50-12) by the director of the Department of Environmental Quality that the identified equipment is used exclusively to burn waste motor oil at the business facility, which accepts waste motor oil from the public.

"Department" means the Department of Environmental Quality.

"Director" means the director of the Department of Environmental Quality or his designee.

"Equipment" means a mechanical unit or system which burns waste motor oil.

"Purchase price paid" means the original cost of such equipment.

¹ Chapter 3, Article 13, Section 58.1-439.10 *Code of Virginia* (1950) as amended.

"Waste motor oil" means, for the purpose of this standard, engine crankcase lubricating oil generated as household waste or "used oil" as defined in 40 CFR Part 279 and managed in accordance with the provisions in that section.

"Taxable year" means, for the purpose of this standard, all taxable years beginning on and after January 1, 1999. Virginia's taxable year follows the calendar or fiscal year for federal taxable purposes.

II. **QUALIFYING EQUIPMENT:**

1. In order to qualify, waste motor oil burning equipment must be operated at a facility located in Virginia.
2. Qualifying equipment includes any piece or system of equipment used exclusively in or on the premises of business facilities located within the Commonwealth which burns waste motor oil accepted from the public.

III. **EQUIPMENT CERTIFICATION**

The statute also stipulates that the department "shall certify that such equipment is used to burn waste motor oil at a business facility within the Commonwealth which accepts waste motor oil from the public..." before any tax consideration can be granted. Any applicant may apply for the tax credit certification by submitting attached Form DEQ 50-12 to:

The Department of Environmental Quality
Attention: Equipment Certification Officer
1111 East Main Street, Suite 1400
Richmond, VA 23219; or
PO Box 1105
Richmond, VA 23218

The applicant will provide, at a minimum, the following information:

1. The purchaser's name and address;
2. The name and location of the facility in which the equipment will be used;
3. A description of the equipment and its intended use in the facility;
4. A statement by the applicant indicating that the facility accepts waste motor oil from the public and the identified equipment is used exclusively to burn waste motor oil;
5. The purchase price of the oil burning equipment; and

6. Documentation of ownership of the waste motor oil burning equipment (copies of purchase receipts, invoices, or such other documentation as may be necessary to confirm the purchaser's statement of purchase price paid) appropriate for filing with the Virginia Department of Taxation.

IV. CERTIFICATION REVIEW:

The department will review the information provided on attached Form DEQ 50-12 to determine if the equipment meets the criteria specified in the Code. Upon completion of the review, the department will return the applicant's form with a written explanation of the certification or non-certification of the waste oil burning equipment.

For further assistance about the standards, call the Department of Environmental Quality at 804-698-4145.

V. APPEAL PROCEDURE:

All appeals taken from actions of the director relative to the provisions of these standards shall be governed by the Virginia Administrative Process Act $\text{\textcircled{a}}$ 2.2-4000 et seq. of the *Code of Virginia*

VI. TO RECEIVE TAX CREDIT:

In order to qualify for a state income tax credit, the applicant shall send the approved Form DEQ 50-12 or other certification document prepared by the department , documentary proof of the purchase price paid, and the Virginia tax return to:

Virginia Department of Taxation
2220 West Broad Street
Richmond, VA 23220

For further assistance on taxation matters call: 804-225-4265.