



Temporary reporting and recordkeeping relief for certain fuel uses

IR-2026-125, Oct. 21, 2026

WASHINGTON — The Internal Revenue Service today announced temporary administrative relief from reporting and recordkeeping requirements relating to taxes imposed by section 4041(a) of the Internal Revenue Code. The relief addresses temporary compliance burdens while the Department of the Treasury and the Internal Revenue Service evaluate simplified procedures for administering those requirements.

In administering the requirements prescribed under sections 6001 and 6011, the IRS will not challenge temporary failures to meet return-filing, reporting or recordkeeping requirements solely attributable to liability under section 4041(a) arising from taxable uses of dyed diesel occurring on or after Oct. 1, 2026, and before Jan. 1, 2027. This relief includes filing Form 720 solely to report that liability, reporting that liability on an otherwise required Form 720, and creating or maintaining records solely to substantiate that liability. The IRS will not assert civil penalties or additions to tax solely for failures covered by this announcement.

The relief applies without regard to whether the applicable filing or reporting deadline falls after Dec. 31, 2026, and will not require subsequent filing, reporting, or reconstruction of records after Dec. 31, 2026. Persons required to file Form 720 for other liabilities must continue to file, report and maintain records to substantiate those liabilities.

The IRS is aware of concerns regarding residual red dye in fuel tanks after the relief period ends and is considering an appropriate grace period or other mitigation measures, with further guidance to follow.

This announcement does not affect recordkeeping or reporting requirements independently applicable to another tax or to a claim for exemption, credit or refund.

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