



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

October 7, 2005

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The Honorable Bart Gordon
U.S. House of Representatives
Washington, DC 20515

Attn: David Plunkett

Dear Mr. Gordon:

I am responding to your letter dated September 2, 2005, requesting that we issue guidance on the sale of dyed diesel fuel to relieve shortages of clear diesel fuel caused by Hurricane Katrina.

In a news release (IR-2005-89 enclosed) dated September 2, 2005, the IRS told the public that in response to shortages of clear diesel fuel caused by Hurricane Katrina, we would not impose a tax penalty on dyed diesel fuel sold for use or used on the highway. We began nationwide penalty relief on August 31, 2005, and scheduled it to remain in effect until September 15, 2005. On September 15, 2005, we issued another news release (IR-2005-104 enclosed) that extended this nationwide relief until October 5, 2005. In an October 6, 2005, news release (IR-2005-118 enclosed), the IRS extended this relief through October 25, 2005.

I hope this information is helpful. If you have any questions, please contact me or
at .

Sincerely,

Frank Boland
Chief, Branch 8
(Passthroughs and Special Industries)

Enclosures (3)