

Illinois Department of Revenue
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY84-10

TO: All Retailers of Motor Fuel

SUBJECT: Deduction for Motor Fuel Tax on Sales Tax Return, Form RR-1-A

Effective August 1, 1983, Public Act 83-12 (HB-1305) amends the Illinois Motor Fuel Tax Law by increasing the tax per gallon rate as follows:

MOTOR FUEL RATES FOR OTHER THAN DIESEL FUEL:

- 11> per gallon for the period August 1, 1983 through June 30, 1984
- 12> per gallon for the period July 1, 1984 through June 30, 1985
- 13> per gallon for the period July 1, 1985 and thereafter.

DIESEL FUEL RATES:

- 13<> per gallon for the period August 1, 1984 through June 30, 1984
- 14<> per gallon for the period July 1, 1984 through June 30, 1985
- 15<> per gallon for the period July 1, 1985 and thereafter

"Diesel Fuel" is defined in Public Act 83-12 as any petroleum product intended for use or offered for sale as a fuel for engines in which fuel is injected into the combustion chamber and ignited by pressure without electric spark. Those motor fuels known as diesel, dieselhol, kerosene and other motor fuels used in a diesel engine are within this definition and are subject to the additional 2<> per gallon rate. The diesel fuel rate shown above include this additional 2<> per gallon.

In order that we may give you proper credit for the motor fuel tax deduction you claim in Item 2e, you should detail the deduction as follows, beginning with the filing of your August, 1983 sales tax return, Form RR-1-A.

For sales of 1,000 gallons of gasoline and 300 gallons of diesel fuel:

(d)-Receipts Form Illinois & Local Cigarette Tax.	
(e)-Receipts From Illinois & Local Motor Fuel Tax.	No. of Gallons
If records are in liters, multiply number of	1000 @ 11>
liters _____ x .2641721 =	300 @ 13.5>=150.5

If your business is in an area that has a local (home rule) motor fuel tax (e.g., Chicago, Springfield), you should combine that tax with the State motor fuel tax in Item 2e. For example, taxpayers in Chicago

should claim their 3> home rule motor fuel tax along with the State tax as follows:

(d)-Receipts From Illinois & Local Cigarette Tax.	
(e)-Receipts From-Illinois & Local Motor Fuel Tax.	No. of Gallons
If records are in liters, multiply number of	1000 @ 14>
liters _____ x .2641721 =	300 @ 16.5>=189.5

Should you have accounts receivable on which the old rate of 7« per gallon (plus any local motor fuel tax) is applicable, you should show that as a separate entry Item 2e, Number of Gallons.

Reminder:

Federal Excise Taxes: The Federal Highway Revenue Act of 1982 increased the 4> per gallon Federal Excise Tax on gasoline, diesel fuel, and special motor fuels to 9> per gallon, effective for sales after March 31, 1983. You may claim a 9> per gallon Federal Excise Tax deduction on diesel fuel. (The F.E.T. deduction is not applicable to gasoline.) The number of gallons and the deduction amount should be entered on link 2k or 2l of the RR-1-A tax return.

Failure to report these deductions as described could result in the Department's disallowing them and assessing penalty and interest.

To accommodate these changes as well as changes to the Retailers' Occupation Tax Act, we are revising the RR-1-A tax return. The revised return will be ready for the filing of your January, 1984 tax liability. Until that time you should use the reporting method described above.

Should you have any further questions on this subject, you may call us at (217) 782-7897 or, if you are in Cook County, at (312) 641-2150.

J. Thomas Johnson
Director of Revenue

Issued: August, 1983

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