

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

INFORMATIONAL BULLETIN FY84-26

TO: Distributors, Suppliers and Resellers of Motor Fuel

SUBJECT: Prepaid Sales Tax on Motor Fuel
Public Act 83-1080 (HB 1133)

IN GENERAL:

Effective March 1, 1984, Public Act 83-1080 (HB 1133) requires motor fuel retailers to prepay three cents per gallon to their distributor, supplier, or other reseller of motor fuel, except gasohol/dieselhol. This amount is a portion of the sales tax due on the eventual retail sale of fuels, except gasohol/dieselhol. These retailers are then entitled to take credit on their monthly sales tax returns (Form RR-1-A) for the amount of the prepaid sales tax. Motor fuel resellers are not required to collect and remit prepaid sales tax on motor fuel delivered to their company-owned retail outlets. Such resellers will continue to remit sales tax due on receipts from retail outlets on their RR-1-A sales tax return. However, these sales must be accounted for on Line 1 of the prepaid sales tax return (PST-1) even though they are not taxable.

All registered distributors, suppliers and other resellers of motor fuel must each month remit to the Department of Revenue the prepaid sales tax collected from motor fuel retailers and provide each prepaying retailer with a statement confirming the amount of sales tax prepaid.

Motor Fuel purchases by distributors, suppliers and other resellers of motor fuel registered with the Department as collectors of prepaid sales tax are exempt from payment of prepaid sales tax imposed by P.A. 83-1080 (HB 1133). If the purchasing distributor, supplier, or other reseller is NOT registered as a collector of prepaid sales tax, prepaid sales tax is due on such purchases if the purchaser is a retailer; or, if the purchaser is not a retailer, the full amount of sales tax is due.

DEFINITIONS:

Under this Public Act, a RESELLER OF MOTOR FUEL is defined as any person engaged in the business of selling or delivering or transferring title of motor fuel to another person other than for use or consumption.

MOTOR FUEL is defined as all volatile and inflammable liquids produced, blended or compounded for the purpose of, or which are suitable or practicable for operating motor vehicles. Motor fuel includes fuel such as, but not limited to gasoline, diesel fuel*, kerosene, liquified

petroleum gas (LPG), liquified natural gas (LNG), or compressed natural gas (CNG). Aviation gasoline is exempt from the definition of motor fuel (see Chapter 120, paragraph 418). Accordingly, you are not required to provide the Department with an accounting of aviation gasoline sales on the PST-1 tax return. Retailers must continue to remit sales tax on their aviation gasoline receipts on their RR-1-A tax return.

REGISTRATION REQUIREMENTS:

All taxpayers that come under the provisions of this amendment must be registered with the Department.

If you are already registered under the Retailers' Occupation Tax Act, it will not be necessary for you to obtain a separate registration for the reporting and payment of prepaid sales tax on motor fuel. However, in order that the Department may properly identify you with respect to prepaid sales tax liability, it will be necessary that you complete the enclosed supplemental application (Form NUC-1 B) and return it on or before March 5, 1984.

*Diesel fuel is defined as any petroleum product intended for use or offered for sale as fuel for engines in which fuel is injected into the combustion chamber and ignited by pressure without electric spark.

The supplemental registration (Form NUC-1 B) must also be completed and returned by March 5, 1984, by those taxpayers who are not currently registered as a retailer or a reseller. The Department will then subsequently contact you regarding further registration requirements.

REPORTING REQUIREMENTS:

STATEMENT OF TAX PAID

You must deliver monthly to each purchaser from whom you collected prepaid sales tax, a statement of tax paid to you by the purchaser. The statement is due to the purchaser no later than the 20th day of the month following the month during which the transaction occurred. (You must also attach to your monthly prepaid sales tax return a copy of all statements of tax paid which you issued for that month. See Prepaid Sales Tax Return below.)

Any Statement of Tax Paid that is illegible or has been altered will not be accepted by the Department of Revenue. If a Statement of Tax Paid (PST-2) is lost or destroyed prior to reporting to the Department of Revenue, you must initiate a substitute copy clearly marked "RE-ISSUED BY PREPAID SALES TAX COLLECTOR". If you have already submitted the original issue with your PST-1, send the duplicate of the re-issue to the Department with an explanatory note under separate cover. DO NOT SEND IT WITH A RETURN. If, after the original PST-2 has been given to a retailer, an error is discovered, you must issue a corrected statement clearly marked "CORRECTED BY PREPAID SALES TAX COLLECTOR". Distribute the appropriate copies to the retailer and send the duplicate to the

Department of Revenue with an explanatory note.

You may use our Form PST-2, Statement of Tax Paid (sample enclosed) or you may create your own form. Please remember that any form you create

must include the same information and use the same format as ours. Requests for Department forms should be made to the Illinois Department of Revenue, P.O. Box 3545, Springfield, Illinois 62708.

PREPAID SALES TAX RETURN

You must file your Prepaid Sales Tax Return (Form PST-1) and remit all tax you collected no later than the end of the month following the month during which your transactions occurred. Prepaid Sales Tax Returns are to be mailed to P.O. Box 4059, Springfield, Illinois 62708.

For your review, we have enclosed a copy of the return. We will regularly (monthly or quarterly) send you returns preprinted with your name, address, and registration number. When you file your monthly return, please remember to attach your remittance and copies of all Statements of Tax Paid which you sent to your purchasers for that month.

Please note that the vendor's discount, (found in Section 3 of the Retailers' Occupation Tax Act) available to filers of "regular" sales tax returns (Form RR-1-A) does not apply to prepaid sales tax reported on PST-1 tax returns. Other provisions of the sales tax act, such as those regarding penalty, interest, and taxpayer rights of appeal (found in Sections 4 through 13« of the Retailers' Occupation Tax Act), do apply.

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

J. Thomas Johnson
Director of Revenue

Issued: February, 1984

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