

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

**Informational Bulletin FY 84-27**

**TO:** All Illinois Sales Tax Return Filers  
**SUBJECT:** Prepaid Sales Tax on Motor Fuel  
Public Act 83-1080 (HB-1133)

The purpose of this bulletin is:

1. to advise all retailers of motor fuel of the provisions of Public Act 83-1080 (HB-1133): and
2. to advise all retailers of the required changes to the sales tax return (Form RR-1-A) resulting from this legislation.

Retailers will use the revised returns beginning with their March, 1984 liability, payable April 30, 1984.

**Prepayment of Sales Tax**

Effective March 1, 1984. Public Act 83-1080 (HB-1133) requires motor fuel retailers to prepay to their distributor, supplier, or other reseller of motor fuel, three cents per gallon of the state sales tax due on the eventual retail sale of the fuel, except gasohol/dieselhol. Retailers are then entitled to take credit on their monthly sales tax returns (Form RR-1-A) for the prepaid state sales tax.

Distributors, suppliers, or other resellers of motor fuel are required to remit to the Department of Revenue the prepaid state sales tax collected from such retailers.

A statement (Form PST-2) of tax paid on purchases of motor fuel will be provided to you by every distributor, supplier, or other reseller not later than the 20<sup>th</sup> day of the month following the month during which a transaction occurred.

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). Retailers must continue to remit sales tax on their aviation gasoline receipts on their RR-1-A tax return.

## **Retailers of Motor Fuel**

On your monthly sales tax form (RR-1-A) you may deduct, on line B-2, prepaid state sales tax on motor fuel from only your retailers' occupation tax, use tax, service occupation tax, and service use tax liabilities, which is the total of all state taxes due on the return (line B-1).

You must support any deduction on line B-2 with a statement (Form PST-2) of tax paid, as provided to you by your distributor, supplier, or other reseller. Be sure to attach to your return the copy of Form PST-2 which has been designated for the Department of Revenue. We will not accept the copy designated for your records, nor will we accept any photocopies. Further, we will not accept copies of invoices, bills of sale, or any document other than Form PST-2. Any Statement of Tax Paid that is illegible or has been altered or modified will not be accepted as valid 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 obtain a substitute from the reseller. This substitute should be clearly marked "REISSUE BY PREPAID SALES TAX COLLECTOR".

Failure to attach the appropriate copies of Form PST-2 will result in the disallowance of your "line B-2" credit. You will be assessed for the amount of any credit disallowed on line B-2 plus appropriate penalty and interest.

If your credit on line B-2 is larger than your entire state sales tax liability (on line B-1), enter -0- on line B-3, Net State Taxes Due. You may **not** use the remaining credit to offset any local or mass transit taxes reported on lines C, D, E, F, or G (i.e., municipal retailers' occupation tax, municipal service occupation tax, county retailers' occupation tax, county service occupation tax, and mass transit tax) on the RR-1-A tax return. Although your prepaid sales tax credit (PST-2) may exceed the total state taxes (line B-1) due, separate remittance for the amount of local and mass transit taxes must be submitted.

We will automatically issue you a credit memorandum for the amount of overpaid state tax if:

1. the amount you claim on line B-2 exceeds the total state taxes due (line B-1);
2. the Statements of Tax Paid (PST-2) support the amount claimed on Line B-2;
3. the RR-1-A tax return is signed at the time of filing;
4. the Statements of Tax Paid (PST-2) attached to your RR-1-A tax return are the appropriate ones designated for the Department of Revenue.

You may use your credit memorandum to pay any state sales tax due on a subsequent return.

NOTE: If the above conditions are not met, the issuance of your credit memorandum may be delayed.

We have enclosed a facsimile of the revised sales tax return.

## **All Other Retailers**

If you are not a retailer of motor fuel (and the prepayment of state sales tax on motor fuel does not apply to you), please complete lines A through H on your RR-1-A, placing a -0- on line B-2.

**For More Information**

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

\* 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.

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