



# Prepaid Sales Tax on Motor Fuel

## Informational Bulletin

July 2003

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Director of Revenue

### For information or forms...

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217 782-3336
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1 800 544-5304
- ◆ Write us at:  
Illinois Department of Revenue  
P.O. Box 19044  
Springfield, IL 62794-9044
- ◆ Visit our Web site at:  
[www.ILtax.com](http://www.ILtax.com)
- ◆ Call  
"Illinois Tax Fax," our  
fax-on-demand service, at:  
217 785-3400
- ◆ Call  
our 24-hour  
Forms Order Line at:  
1 800 356-6302

To:

**All Motor Fuel Distributors, Suppliers, and Resellers and  
All Motor Fuel Retailers**

### Prepaid Sales Tax on Motor Fuel Changes

Beginning July 1, 2003, the prepaid sales tax rates on deliveries of gasoline and other motor fuels will increase.

#### What are the new prepaid sales tax rates?

The new rates are

- ◆ 5¢ per gallon for gasoline; and
- ◆ 6¢ per gallon for gasoline, diesel fuel, and all other motor fuels for which prepaid sales tax must be remitted.

**Resellers** who file Form PST-1, Prepaid Sales Tax Return, and Form PST-2, Prepaid Sales Tax Statement of Tax Paid, will soon receive forms with the new rates preprinted on them.

**Note:** If you use a software package to generate your returns, make sure that your program is updated to reflect the new prepaid sales tax rates.

**Retailers** may receive credit for the increased prepaid sales tax beginning with returns that cover the July 2003 liability period.

#### Are there any other changes?

Yes. Effective July 1, 2003, three types of fuel are exempt from sales tax. Therefore, no prepaid sales tax is due on the following types of fuel.

- ◆ **Majority blended ethanol fuel** — "Majority blended ethanol fuel" is motor fuel that contains not less than 70 percent and no more than 90 percent denatured ethanol,

and not less than 10 percent and no more than 30 percent gasoline.

- ◆ **100 percent biodiesel** — "Biodiesel" is a renewable diesel fuel derived from biomass (*i.e.*, a non-fossil organic material such as soybean oil, other vegetable oils, or ethanol, that has an intrinsic chemical energy content) that is intended for use in diesel engines.

- ◆ **Qualifying biodiesel fuel blends** — "Biodiesel blend" is a blend of biodiesel and petroleum-based diesel fuel in which the final product contains no less than 1 percent and no more than 99 percent biodiesel.

**Note:** Only biodiesel blends with more than 10 percent but no more than 99 percent biodiesel are exempt from prepaid sales tax requirements. If the biodiesel blend is at least 1 percent but no more than 10 percent biodiesel, prepaid sales tax must be collected as it is for all other types of motor fuel.

#### How do I report sales of exempt fuels?

Include sales of exempt motor fuel types on Line 1 of your Form PST-1, Sales and Use Tax Return. Subtract exempt sales on Line 2g of Form PST-1.

Form PST-1 has been revised to incorporate this change.

#### Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed on the left side of this bulletin.

