

Important Notice

Notice to Article 12-A Distributors of Motor Fuel Relating to Publication 790

This notice includes important instructions for completing Form FT-945/1045, Report of Sales Tax Prepayment on Motor Fuel/Diesel Motor Fuel.

On June 1, 2006, new sales tax prepayment rates per gallon of motor fuel become effective. Publication 790, *Chart for Prepayment of Sales Tax on Motor Fuel*, shows the sales tax prepayments per gallon for both Region 1 and Region 2. In Region 1, the sales tax prepayment rate decreases from 17.0 cents to 14.75 cents per gallon. In Region 2, the sales tax prepayment rate increases from 13.8 cents to 14 cents per gallon.

As of June 1, 2006, this version of Publication 790 replaces all previous versions. Use the sales tax prepayment rates provided in this publication to compute the amount of prepaid sales tax you pass through to your customers on all sales made on and after June 1, 2006. You should also use these rates to compute the amount of additional prepaid sales tax or credit due (if any) on all inventory held as of close of business May 31, 2006.

You must compute any additional tax or credit due on inventory as a result of the change in the sales tax prepayment rates by determining the difference between the prior sales tax prepayment and the new prepayment amount. Multiply the number of gallons in inventory by this amount.

Instructions:

1. Determine the number of gallons of motor fuel in your inventory as of close of business May 31, 2006.
2. Determine the amount of prepaid tax you **paid** on this fuel (number of gallons multiplied by the amount of the preceding prepaid rate per gallon).
3. Determine the amount of prepaid tax you **are required to pass through** on this fuel as of June 1, 2006 (number of gallons multiplied by the new prepayment rate in effect on June 1, 2006).
4. Determine the difference between what you previously paid and what you now owe, and enter the amount of additional tax or credit due on line 11 of Form FT-945/1045.

Example

1. Inventory of motor fuel as of May 31, 2006:

Region 1: 5,000 gallons

Region 2: 5,000 gallons

2. Sales tax previously paid on inventory:

Region 1: 5,000 gallons x 0.170 per gallon = \$850.00

Region 2: 5,000 gallons x 0.138 per gallon = \$690.00

Total \$1,540.00

3. Prepaid sales tax due on inventory

Region 1: 5,000 gallons x 0.1475 per gallon = \$737.50

Region 2: 5,000 gallons x 0.140 per gallon = \$700.00

Total \$1,437.50

4. **Credit** (subtract step 3 total from step 2 total):

\$1,540.00 - \$1,437.50 = \$102.50

Enter result on Form FT-945/1045, line 11.*

*Line 11, Other credits including casualty losses, is a credit line on Form FT-945/1045. Add the amount reported on line 11 to line 10c, Net credit, to arrive at total credits. Report Total credits on motor fuel on line 12. If the adjustment results in an additional prepayment of sales tax, precede the amount with a minus sign (-).