



Supplement to Instructions for Completing Form FT-945/1045 for May 1994 (Due June 20, 1994)

Treatment of inventory of motor fuel held as of the close of business May 31, 1994

Registered Motor Fuel Distributors

Tax Adjustment on Inventory

If you have motor fuel (gasoline) in inventory as of the close of business May 31, 1994, on which you have already made the required prepayment of sales tax (or on which you will prepay the tax when you file your FT-945/1045, *Report of Sales Tax Prepayment on Motor Fuel/Diesel Motor Fuel*) for May,* you must adjust the prepaid tax on this fuel to reflect changes in regional average retail sale prices and sales tax prepayments per gallon effective on and after June 1, 1994. This adjustment may result in a credit against the prepaid tax or an additional prepayment, depending on whether the new regional average retail sales price is lower or higher than the previous price. The credit or additional prepayment must be reported on Form FT-945/1045, line 11 (other credits), for the month of May 1994. If the adjustment results in an additional prepayment of sales tax, enter the amount on line 11 in parenthesis.

Distributors who maintain motor fuel inventory in both regions may owe additional prepaid tax on inventory held in one region but be entitled to a credit of prepaid tax for inventory held in the other.

If this happens, distributors should compute the prepaid tax due, reduce it by the amount of the credit and enter the adjusted balance on line 11.

You **must** attach a statement or schedule to the return showing how you computed the adjustment. Form FT-945/1045 for May 1994 must be filed on or before June 20, 1994.

Although these instructions refer specifically to the adjustment for June 1, 1994, any subsequent increase or decrease in a regional average retail sales price of motor fuel will result in the need for a further adjustment to prepayments.

Once the adjustment has been made, that is the prepayment that must be passed through. In other words, if the adjustment was made to fuel held in Region I, that is the prepayment that **must** be passed through, even if the fuel is later sold in Region II.

Sales of Motor Fuel on and After June 1, 1994

As a result of the above adjustment, when you sell motor fuel on and after June 1, you must pass through the amount of sales tax prepayment as indicated in Publication 790, *Chart for Prepayment of Sales Tax on Motor Fuel*, effective June 1, 1994. This is the amount of prepaid sales tax that must be indicated on any certification (Form FT-935 or other certification document) issued to your customers.

All Sellers of Motor Fuel Who Are Not Registered as Distributors Under Article 12-A

With the exception of retailers, all sellers of motor fuel who are not registered as distributors under Article 12-A of the Tax Law and are not required to make prepayments of sales tax on motor fuel directly to the Tax Department, **must** pass through the prepaid sales tax as charged to them by their suppliers. These "wholesale" vendors **must not** adjust the prepaid sales tax and **must not** claim a credit or refund for any such adjustment.

Retailers are required to continue to compute and collect sales tax on the *actual retail selling price* of motor fuel sold. However, retailers may claim credit against sales tax collections for the amount of the prepaid sales tax actually passed through by their suppliers on that portion of the motor fuel the retailer actually sold.

* You must use the sales tax prepayment amounts per gallon as shown on Form FT-945/1045 to compute the prepayment on motor fuel subject to tax during the month of May before making any adjustment.