

Instructions for Form AU-474

Application for Refund of the Petroleum Business Tax Because of a Bad Debt

General Information

Who May Use This Form

A petroleum business or aviation business registered as such with the Tax Department at the time of sale must file Form AU-474 to claim a bad debt refund. Bad debts cannot be applied as either a credit or an off-set on the petroleum business tax return.

When to File

You must file this form within **three** years from the time that the debt was written off and deducted as a worthless debt for federal income tax purposes. You are not required to pursue legal action to demonstrate that a debt is uncollectible.

What Sales Qualify for the Bad Debt Refund

Sales made on or after September 1, 1994, by a petroleum business or an aviation fuel business, of fuel in-bulk to a purchaser for the purchaser's own use and consumption, or of motor fuel or enhanced diesel motor fuel in-bulk to a filling station, may qualify for the bad debt refund. However, neither a retail sale at a filling station nor any other sale where the fuel is delivered directly into the fuel tank of a motor vehicle, airplane or other conveyance qualifies for the refund. To claim a refund of tax paid on a debt written off, the petroleum business or aviation fuel business must have paid the imposed tax to the Tax Department on its return.

Refund Amount

The amount of the refund will equal the amount of petroleum business tax imposed and remitted on an account that is determined uncollectible. If partial payments have been made, the refund is computed reflecting the apportionment of the payments between the petroleum business tax and other components of the total selling price. Payments should be applied to the earliest charges in the account.

Note: You should report any refund of the petroleum business tax received because of bad debt as income on your state franchise or income tax return (also any federal return) for the year in which you received the refund.

Subsequent Payments on the Bad Debt Account

If you subsequently receive a payment on an account for which a refund of the petroleum business tax was granted as a bad debt, you must list such subsequent collection of any petroleum business tax in the Schedule of Bad Debts of Form AU-474 as a negative amount. You should also report the subsequent collection as an offset to income on your state franchise or income tax return (also on any federal return) for the year in which you received the payment.

Federal Disallowance of a Bad Debt

Any disallowance, for federal tax purposes, of a bad debt for which a refund of the petroleum business tax was paid, will be treated as a report of federal change, correction or disallowance to the New York State Tax Department within 90 days after the final determination. A petroleum business or aviation fuel business that is a corporation filing a combined report under Article 9-A must report such change within 120 days.

Instructions

Complete the identification number, telephone number, business name and address boxes in full.

Line 1 Check each type of registration that applies to your business.

Line 2 Enter the type of federal return and the period covered by the return on which you deducted the bad debt.

Line 3 For each sale that became a bad debt, complete columns A through G as follows:

Column A — Enter the date of the sale of the petroleum to the account that has been determined uncollectible.

Column B — Enter the account name; if the name has changed since the date of sale, also enter the new name.

Column C — Enter the tax period (quarterly or monthly) in which you paid the petroleum business tax on your return. For diesel product and residual petroleum product, this is the tax period in which the fuel was sold. For gasoline and other motor fuel it is the tax period in which the fuel was imported into or produced in New York State.

Column D — Enter the type of product sold: gasoline, gasohol, diesel fuel, kerosene, kero-jet fuel, residual petroleum product, propane, etc.

Column E — Enter the amount that remains due on the sale. The selling price can include charges directly associated with the sale (taxes, shipping, handling, etc.) but not finance charges for late payment following the sale. If payment was made on the account, complete the Worksheet for Partial Payments.

Column F — Enter the amount of petroleum business tax per gallon that you paid on the uncollectible sale. If not listed on the invoice, consult Publication 908, *Fuel Tax Rates*, to determine the rate per gallon.

Column G — Enter the amount of petroleum business tax included on the invoice. If not listed, multiply the gallons sold by the rate (column F) and enter that amount. If partial payment has been made, enter the amount from line (f) of the Worksheet for Partial Payments for this account.

Total — Add all amounts in column G including the totals from additional sheets that may have been necessary. This amount is the calculated refund.

Worksheet for Partial Payments

Instructions

Line (a) — Enter selling price including charges directly associated with the sale (taxes, shipping, handling, etc.) but not including finance charges.

Line (b) — Petroleum business tax included in the selling price as listed on the invoice. If not separately listed, consult Publication 908, *Fuel Tax Rates*, to determine the rate per gallon. Multiply the rate times the number of gallons and enter the amount.

Line (c) — Divide the amount in line (b) by the amount in line (a). Express this amount as a decimal. Carry to the nearest four decimal places (e.g., .0001).

Line (d) — List total of payments applied to the sale.

Line (e) — Multiply the amount on line (c) by the amount on line (d).

Line (f) — Subtract line (e), amount of partial payment applied to petroleum business tax from line (b), petroleum business tax included in selling price. This is the refundable amount of the petroleum business tax. Transfer this amount to column G of the Petroleum Business Tax Schedule of Bad Debts for this account. If more than three accounts have partial payments, use additional sheets.

Examples

Example 1 - On September 20 your company delivered 190 gallons of aviation gas to Solo Aviation. The invoice showed a total selling price of \$238.07 and a petroleum business tax of \$27.57. Since no payment was ever received on the account, the amount of the refund requested would be \$27.57. See sample schedule below.

Example 2 - On September 30 your company delivered 190 gallons of aviation gas to Two Brothers Aviation for a total selling price of \$238.07. A payment of \$150 was received on the account. Using the Worksheet for Partial Payments, the following calculations are made:

- (a) Selling price..... \$238.07
- (b) PBT included in selling price (190 gals X .1451*) 27.57
- (c) Percentage of PBT in selling price (27.57/238.07)... .1158
- (d) Partial payment \$150.00
- (e) Amount of partial payment applied to PBT
(.1158 X 150)..... 17.37
- (f) PBT allowed as bad debt refund (27.57 - 17.37)..... 10.20

See sample schedule below.

* Rate obtained from Publication 908, Fuel Tax Rates

Example 3 - On September 25 your company delivered 190 gallons of aviation gas to Three Sons Aviation. The total selling price of \$238.07 included a PBT of \$27.57. A finance charge for late payment was charged in the amount of \$30.45 on November 30. Your company becomes a monthly filer as of December 1. On December 4 a second sale totaling \$587.56 was made. The PBT included on the invoice was \$66.75. On January 30 a late payment charge of \$56.34 was charged. Payments totaling \$660 were made before the account was written off as a bad debt. The payments were applied to the earliest sale first, paying it in full. Payment was applied to the finance charge of November 30. The remaining amount of \$391.48 (\$660 - 238.07 - 30.45) is the partial payment on the second sale. The charges for late payment that occurred after the sale do not affect the amount of the bad debt. Using the Worksheet for Partial Payments, the refund would be calculated as follows:

- (a) Selling price.....\$587.56
- (b) PBT included on invoice..... 66.75
- (c) Percentage of PBT (66.75/587.56)..... .1136
- (d) Partial payment\$391.48
- (e) Amount of partial payment applied to PBT
(.1136 X 391.48)..... 44.47
- (f) PBT allowed as refund (66.75 - 44.47)..... 22.28

See sample schedule below.

Sample Schedule

A Date of Sale	B Account Name	C Tax Return Period	D Type of Product	E Unpaid Amount (complete worksheet below for partial payment)	F PBT Rate per Gal.	G PBT Included in Unpaid Amount
9/20/94	Solo Aviation	9/1/94 - 11/30/94	Aviation Gas	\$ 238.07	.1451	\$27.57
9/30/94	Two Brothers Aviation	9/1/94 - 11/30/94	Aviation Gas	\$ 88.07	.1451	\$ 10.20
12/4/94	Three Sons Aviation	12/1/94 - 12/31/94	Aviation Gas	\$ 196.08	.1451	\$22.28

Need help?

-  **Internet access:** www.nystax.gov
(for information, forms, and publications)
-  **Fax-on-demand forms:** 1 800 748-3676
-  **Telephone assistance** is available from 8:00 A.M. to 5:00 P.M. (eastern time), Monday through Friday.
- To order forms and publications: 1 800 462-8100
- Business Tax Information Center:** 1 800 972-1233
- From areas outside the U.S. and outside Canada: (518) 485-6800
- Hearing and speech impaired** (telecommunications device for the deaf (TDD) callers only): 1 800 634-2110
-  **Persons with disabilities:** In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call 1 800 972-1233.

Privacy notification

The Commissioner of Taxation and Finance may collect and maintain personal information pursuant to the New York State Tax Law, including but not limited to, sections 5-a, 171, 171-a, 287, 308, 429, 475, 505, 697, 1096, 1142, and 1415 of that Law; and may require disclosure of social security numbers pursuant to 42 USC 405(c)(2)(C)(i).

This information will be used to determine and administer tax liabilities and, when authorized by law, for certain tax offset and exchange of tax information programs as well as for any other lawful purpose.

Information concerning quarterly wages paid to employees is provided to certain state agencies for purposes of fraud prevention, support enforcement, evaluation of the effectiveness of certain employment and training programs and other purposes authorized by law.

Failure to provide the required information may subject you to civil or criminal penalties, or both, under the Tax Law.

This information is maintained by the Director of Records Management and Data Entry, NYS Tax Department, W A Harriman Campus, Albany NY 12227; telephone 1 800 225-5829. From areas outside the United States and outside Canada, call (518) 485-6800.