

## Important Notice

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

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

On June 1, 2000, new regional average retail sales prices per gallon of motor fuel become effective. The enclosed Publication 790, *Chart for Prepayment of Sales Tax on Motor Fuel*, shows these new prices and the corresponding sales tax prepayments per gallon for each region. In region 1, the corresponding sales tax prepayment rate increases from 7.0 cents to 9.2 cents per gallon. In region 2, the corresponding sales tax prepayment rate increases from 5.4 cents to 7.6 cents per gallon.

As of June 1, 2000, this version of Publication 790 replaces all previous versions. Use the sales tax prepayment rates as 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, 2000. Also, you should use these rates to compute the amount of additional prepaid sales tax (if any) on all inventory held as of close of business May 31, 2000.

You must compute any additional tax on inventory as a result of the change in the regional average retail sales price 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, 2000.
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, 2000 (number of gallons multiplied by the new prepayment rate in effect on June 1, 2000).
4. Determine the difference between what you previously paid and what you now owe, and enter the amount of additional tax due on line 11 of Form FT-945/1045.

#### Example

1. Inventory of motor fuel as of May 31, 2000: Region 1: 5,000 gallons Region 2: 5,000 gallons	3. Prepaid sales tax due on inventory Region 1: 5,000 gallons x .092 per gallon = \$460.00 Region 2: 5,000 gallons x .076 per gallon = <u>\$380.00</u> Total \$840.00
2. Sales tax previously paid on inventory: Region 1: 5,000 gallons x .070 per gallon = \$350.00 Region 2: 5,000 gallons x .054 per gallon = <u>\$270.00</u> Total \$620.00	4. <b>Additional tax due</b> (subtract step 3 total from step 2 total): \$620.00 - \$840.00 = (\$220.00) <b>Enter result in parentheses on Form FT-945/1045, line 11.*</b>

\*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. Do **not** enter the adjustment to prepaid sales tax in parentheses. If the adjustment results in an additional prepayment of sales tax, enter the amount on line 11 in parentheses.