



Supplement to Instructions for Completing Form FT-945/1045 For May 1998 (due June 20, 1998)

FT-945/1045-I Supplement (5/98)

Treatment of inventory of motor fuel held as of the close of business May 31, 1998

Registered Motor Fuel Distributors

Once the prepaid sales tax due on motor fuel has been reported and paid, you may **not** make any adjustment to that prepayment other than the adjustment required when the regional average retail sales prices change.

For example, if the prepaid sales tax has been reported and paid in Region 1, you **must not** adjust the prepaid tax for any subsequent sale in Region 2. You **must**, however, make a tax adjustment on your inventory when the regional average retail sales prices change.

Tax Adjustment on Inventory

If you have motor fuel (gasoline) in inventory as of the close of business May 31, 1998, 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, 1998. 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. This adjustment may result in a credit against the prepaid tax because the new regional average retail sales price is lower than the preceding price. The

credit must be reported on Form FT-945/1045, line 11 (other credits), for the month of May 1998.

On or after June 1, 1998, a distributor who sells motor fuel must pass through the sales tax prepayments that go into effect June 1, 1998 (see Publication 790, *Chart for Prepayment of Sales Tax on Motor Fuel*). The distributor must also use Publication 790 to determine the amount of prepaid sales tax to indicate on any certification issued to the customer.

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

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