New York State Department of Taxation and Finance

Supplement to Instructions for Completing Form FT-945/1045 For November 2005 (due December 20, 2005)

FT-945/1045-I Supplement
(11/05)

Treatment of inventory of motor fuel held as of the close of business November 30, 2005

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 November 30, 2005, on which you have already made the required prepayment of sales tax (or on which you will prepay the tax when you file your Form FT-945/1045, *Report of Sales Tax Prepayment on Motor Fuel/Diesel Motor Fuel*) for November, you must adjust the prepaid tax on this fuel to reflect changes in regional average retail sales prices and sales tax prepayments per gallon effective on and after December 1, 2005. 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 November before making any adjustment. 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 preceding price. The credit or additional prepayment must be reported on Form FT-945/1045, line 11 (other credits), for the month of November 2005. If the adjustment results in an additional prepayment of sales tax, precede the result with a minus sign.

> **Note:** 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.
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> 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 Form FT-945/1045 showing how you computed the adjustment and file it on or before December 20, 2005.

On or after December 1, 2005, a distributor who sells motor fuel must pass through the sales tax prepayments that go into effect December 1, 2005 *(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.

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 the portion of the motor fuel that the retailer actually sold.