

Illinois Department of Revenue
1500 South Ninth Street
Springfield, Illinois 62708

INFORMATIONAL BULLETIN FY84-22

TO: All Retailers of Gasohol

SUBJECT: Sales of Gasohol

Effective December 1, 1983, Public Act 83-950 (S.B. 149) amended the sales tax acts by removing the state sales tax on retail sales of gasohol and reimposing as follows:

1% for the period of January 1, 1984 through December 31, 1992
5% for the period of January 1, 1993 and thereafter.

This legislation does NOT EXEMPT gasohol sales FROM LOCAL and MASS TRANSIT SALES TAXES, i.e., the municipal occupation taxes, county occupation taxes, Regional Transportation Authority axes, and Metro East Mass Transit District occupation taxes.

Gasohol is defined as a motor fuel containing at least 10% alcohol which contains no more than 1.25% water by weight and is obtained from agricultural products or by-products and includes dieselhol.

Several methods for calculating and reporting the 1% state sales tax on gasohol sold between January 1, 1984 and December 31, 1992 have been reviewed. We request that taxpayers adopt the following method which computes 5% state sales tax on 20% of the receipts rather than an alternate method which would compute 1% tax on 100% of the receipts.

HOW TO CALCULATE AND REPORT THE 1% STATE SALES TAX ON GASOHOL

If you are a registered retailer located in Illinois, on page 2 of the RR-1-A tax return:

1. include all receipts from the sale of gasohol (including motor fuel tax and State, local, and mass transit sales taxes) in the gross receipts amount reported in Item 1;
2. deduct the 11¢ per gallon motor fuel tax for each gallon of motor fuel sold (including gasohol) in Item 2(e);
3. enter 80% of the balance of gasohol receipts (excluding State, local and mass transit district sales tax collections) in item 2j (the pre-printed gasohol exemption deduction);
4. compute local and mass transit sales taxes in Items 16 through 20 by adding the deduction taken in Item 2j to your base in Item 3b (Not adding the Item 2j deduction to your tax base could result in the imposition of penalty and interest.)

If you are an out-of-state registered retail seller of gasohol to Illinois purchasers, you should include only 20% of receipts of gasohol sales in computing the 5% use tax due (Items 5 and 11).

If you are an Illinois user who purchases gasohol from an out-of-state unregistered seller, you should include only 20% of the cost of gasohol purchases in reporting use tax due on such purchases (Items 6, 10, 12).

The FOLLOWING EXAMPLE illustrates the method to be used by in-state retailers for computing and reporting sales tax due on receipts from sales of gasohol.

Assume:

Sales of 10,000 gallons of gasohol at a base price of \$1.40 per gallon; plus state motor fuel tax (MFT) of 11¢ per gallon; plus 2% sales tax on gross receipts excluding MFT (1% State and 1% local).

Computation and Reporting on Pages 2 and 4 of Sales Tax Return

Item 1	- Enter gross receipts from sales (10,000 x 1.40) + (10,000 x .11) + (14,000 x .02)	\$15,380
Item 2(e)	- Deduct motor fuel tax 10,000 x .11	1,100
Item 2(j)	- Deduction 80% of receipts, excluding tax collections 10,000 x 1.40 x .80	11,200
Item 2(m)	- Sum of total deduction 1,100 + 11,200	12,300
Item 3	- Balance: Item 1 minus Item 2(m) 15,380 - 12,300	3,080
Item 3(a)	- Sales tax collections 10,000 x 1.40 x .02	280
Item 3(b)	- Balance subject to State sales tax 3,080 - 280	2,800
Item 4	- State tax due 2,800 x .05	140
Item 6	- Local tax due (MROT): Item 2(j) + Item 3(b) x MROT rate (11,200 + 2,800) x .01	140

Should you have any questions regarding the proper computation and reporting of tax on the sale of gasohol, please contact the Department. If you are in Cook County, call (312) 641-2150. Persons elsewhere should call (217) 782-7897.

J. Thomas Johnson
Director of Revenue

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