

**New York State Department of Taxation and Finance**  
**Taxpayer Services Division**  
**Technical Services Bureau**

TSB-M-88 (5)M  
Fuel Use Tax  
October 3, 1988

Subject: Sales Tax Component; July through September 1988  
(MT-904)

Instructions for Computing Fuel Use Tax Liability

For the quarterly period July through September 1988, sales tax component of 7.2 cents for diesel motor fuel and 6.2 cents for other motor fuel have been established. These sales tax components were determined by applying the statutory rate of 7% to a prevailing price per gallon, established by the Commissioner of Taxation and Finance. The components were computed separately for motor fuel and diesel motor fuel, based on the prices charged in the preceding calendar quarter at ten selected truck stops in New York State.

The composite fuel use tax rates, as reflected on the Form MT-903, Combined Truck Mileage and Fuel Use Tax Return, have been computed as follows:

MOTOR FUEL: 14.2¢ (8¢ motor fuel tax plus 6.2¢ sales tax component)  
DIESEL MOTOR FUEL: 17.2¢ (10¢ diesel motor fuel tax plus 7.2¢ sales tax component)

Instead of using the prevailing price sales tax components stated above, a carrier who maintains substantiating records may elect to compute the sales tax components for diesel and other motor fuel based on the average price per gallon of these fuels used during the reporting period. To compute the sales tax components separately for diesel and for other motor fuels, proceed as follows:

1. Determine the total cost of fuel used during the quarter, including federal, state and local taxes, but not including any state or local sales taxes.
2. Divide this total cost of fuel used by the total number of gallons of fuel you purchased for use in your operations (either inside or outside New York State) to arrive at the average price per gallon.
3. Compute the sales tax component by multiplying the average price per gallon by 7% (rounding to the nearest tenth of a cent; e.g.,  $8.753 = 8.8$ ).
4. Add the resulting sales tax component to the motor fuel tax (10 cents for diesel; 8 cents for other motor fuel).

If the rates you calculated are different from the preprinted rates on the return, indicate your rates at lines 7a and 7b, and use them in computing the fuel use tax liability.

The fuel use tax credit for motor fuel and diesel motor fuel purchased in New York State during the calendar quarter but not consumed in New York State (line 6b) should be computed at the tax rates indicated on lines 8a and 8b. The sales tax component credit is not allowed on fuel purchased in New York State but not used in New York State.

If you have any questions, please call toll-free (from New York State only) 1-800-CALL TAX (1-800-225-5829.) From outside New York State, call 1-518-438-8581.