

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

TSB-M-96 (2) M  
Articles 21 and 21-A  
March 20, 1996

**Fuel Use Tax Interest and Penalty Changes (Effective January 1, 1996)**

Fuel Use Tax

The fuel use tax is now imposed under a new Article 21 -A of the Tax Law that became effective January 1, 1996. New interest and penalty rules apply to fuel use tax reports due for periods beginning on and after January 1, 1996. The truck mileage tax remains in effect under Article 21. Interest and penalty are computed separately for fuel use tax and truck mileage tax.

A New York-based carrier that has an International Fuel Tax Agreement (IFTA) license pays New York State all of the fuel use taxes that it owes to the various IFTA member jurisdictions. It reports and pays those taxes using Form IFTA- 100, *IFTA Quarterly Fuel Use Tax Report*. A non-IFTA carrier uses Form MT-903-FUT, *Schedule for Fuel Use Tax*, to report and pay its New York fuel use tax. Form MT-903- must be filed with Form MT-903, *Highway Use Tax Return*. (An EFTA carrier that is based in a jurisdiction other than New York files the forms required by that other base jurisdiction and follows its interest and penalty rules.)

Beginning January 1, 1996, if a New York-based IFTA carrier fails to pay any part of the fuel use tax due to a jurisdiction reported on Form IFTA- 100, on or before the due date of the report, the carrier will be charged interest at the rate of one per cent per month. Interest will be computed separately for each jurisdiction where tax is due, regardless of the net amount of tax or credit shown on the report. A full month's interest is due for each month or part of a month that the taxes remain unpaid. Also beginning January 1, 1996, if a non-IFTA carrier fails to pay any part of the New York fuel use tax due, on or before the due date of the report (Form MT-903), the carrier will be charged interest at the rate of one percent per month. A full month's interest is due for each month or part of a month that the taxes remain unpaid.

If a carrier fails to file its fuel use tax report, or to pay the tax due, the carrier may be subject to a penalty. The penalty is \$50 or 10% of the amount of fuel use tax due, whichever is greater. For a New York-based IFTA carrier, the penalty is based on the net amount of tax shown on the report, not on the tax due for each jurisdiction. Penalties may be waived if it can be shown that the failure to file or pay tax was due to reasonable cause.

Truck Mileage Tax

Although the fuel use tax provisions of Article 21 were replaced by the provisions of new Article 21-A, the New York truck mileage tax continues to be imposed as a separate tax under Article 21 of the Tax Law. If a carrier fails to pay any part of the truck mileage tax due on or before the due date of the report, the carrier will be charged interest at the rate determined quarterly by the New York State Commissioner of Taxation and Finance. For example, for the period April 1, 1996 - June 30, 1996, the annual rate of interest determined by the Commissioner is eight percent

compounded daily.

A carrier filing and paying late will also be charged a penalty of 10% of the truck mileage tax due for the first month or part of a month after the due date of the report, and one percent per month for each subsequent month or part of a month in which the tax remains unpaid, up to a maximum penalty of 30%. However, if the report is filed more than 60 days after the due date, the minimum penalty that can be imposed is \$100 or 100% of the tax due, whichever is less. As a result, although non-IFTA carriers report the fuel use tax and the truck mileage tax on a single tax report (Form MT-903), any interest or penalty imposed will be computed separately for fuel use tax and for truck mileage tax.