

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

TSB-M-97(4)M
Diesel Motor Fuel Tax
February 1997

Distributors of Kero-Jet Fuel Only
Alternative Certification for Aircraft
New York State Excise Tax

Fixed base operators may sell kero-jet fuel at retail without including the diesel motor fuel excise tax (currently 8 cents per gallon) in the selling price, if the fixed base operator is registered as a *distributor of kero-jet fuel only* and delivers the fuel directly into the fuel tanks of aircraft.

When making such sales, the *distributor of kero-jet fuel only* must show that it sold and dispensed the fuel directly into aircraft. The distributor can accomplish this in one of two ways:

- The distributor may obtain a properly completed Form FT-1020, *Exemption Certificate for Certain Taxes Imposed on Diesel Motor Fuel and Propane*, from each aircraft operator with the appropriate box checked.
- An *airline* should check box 1 or box 2 of Part I of Form FT-1020.
- An aircraft operator registered under Article 12-A or 13-A as a *distributor of kero-jet fuel only*, a *distributor of diesel motor fuel*, or an *aviation fuel business* should check box 1 or box 3 of Part I of Form FT-1020.
- All other aircraft operators must check box 4 of Part I of Form FT-1020, certifying that the fuel is being used in aircraft they own or operate.

A distributor must keep Form FT-1020 as part of its records. Form FT-1020 may be used as a blanket certificate to cover all subsequent sales to a particular customer. It may also be used as a single-purchase certificate but, then, a separate certificate is needed for each sale to the same customer. Form FT-1020 also includes certifications related to the petroleum business tax and the state and local sales taxes.

Receipt of a properly completed Form FT-1020 from the purchaser satisfies the requirement of the seller to prove that it delivered the fuel into aircraft.

- If a distributor does not obtain Form FT-1020, it must keep documentation that clearly shows it dispensed the kero-jet fuel directly into aircraft. This documentation may include a distributor's internal records, such as daily inventory records, sales invoices and delivery tickets.

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To show that the distributor dispensed the fuel into an aircraft, each record should include the date of sale, the product type, the number of gallons of fuel sold, the delivery ticket number, the type of aircraft and the tail number of the aircraft fueled. If the sale is a credit or charge sale, the record should show the account number, charge authorization number or other means of identifying the purchaser. If the sale is a cash sale, the sales invoice should include the name of the aircraft operator (under Federal Aviation Administration regulations, the name of the aircraft operator is required to be carried on the aircraft). The inventory records should contain a daily accounting of each withdrawal and disbursement from the distributor's kero-jet fuel storage tank.

Unless the distributor can establish, either through a completed Form FT-1020 or through the distributor's internal records, that the fuel was delivered into aircraft, the distributor will be liable for the excise tax on these sales. Under no circumstances will the above internal records exempt the distributor from the state and local sales taxes or the petroleum business tax on sales of kero-jet fuel dispensed into aircraft.