

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

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Petroleum Business Tax
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1996 Tax Law Changes Affecting Aviation Gasoline and Kero-Jet Fuel

Because of recent changes in Article 13-A, the Petroleum Business Tax Law:

- Aircraft operators are allowed a reimbursement of the petroleum business tax on **kero-jet fuel** purchased in New York State but consumed in their aircraft outside New York State on or after September 1, 1995.
- Aircraft operators who paid or absorbed the full rate of petroleum business tax on **aviation gasoline** may qualify for a partial reimbursement of the tax. To qualify for the reimbursement, the aviation gasoline must have been purchased in New York State on or after September 1, 1995. In addition, the fuel must have been purchased from a fixed-base operator who is not registered as a retail seller of aviation gasoline or from a registered distributor of motor fuel.

Kero-Jet Fuel

Aircraft operators may apply for reimbursement of the petroleum business tax paid on kero-jet fuel purchased in New York State but consumed in the operation of their aircraft outside New York State. The reimbursement is limited to kero-jet fuel consumed in the operation of their aircraft on or after September 1, 1995.

Aviation fuel businesses may claim a reimbursement on their monthly or quarterly tax returns, Forms PT-100/PT-104/PT-104.1 or Forms PT-200/PT-202/PT-202.1. For periods in which an aviation fuel business has already filed tax returns, the aviation fuel business must file amended tax returns. Businesses that do not file these monthly or quarterly tax returns may claim a reimbursement on Form PT-351, *Aircraft Fuel Consumption Tax Return*.

The reimbursement must be applied for within two years from the date of consumption. The claimant must maintain records showing that the full rate of petroleum business tax was paid. All records must be kept for three years from the filing date of the tax return on which the related transaction was reported.

The petroleum business tax rates per gallon on kero-jet fuel from September 1, 1995, through December 31, 1996, are:

September 1, 1995, through December 31, 1995	January 1, 1996, through May 31, 1996	June 1, 1996, through December 31, 1996
\$0.0559	\$0.0581	\$0.0554

Aviation Gasoline

Persons who purchase aviation gasoline in New York State for use in their own aircraft may be eligible for a partial reimbursement of the petroleum business tax paid or absorbed. To qualify for reimbursement, the user must have purchased the aviation gasoline at the full aviation gasoline rate from (1) a fixed-base operator not registered as a retail seller of aviation gasoline or (2) a registered distributor of motor fuel. The amount reimbursed is the difference between the full aviation gasoline tax rate and the lower effective rate (i.e., the rate a distributor of motor fuel may pass through to registered retail sellers of aviation gasoline).

If the aircraft operator purchases aviation gasoline from a fixed-base operator that is not registered as a retail seller of aviation gasoline, the fixed-base operator must have delivered the gasoline directly into the fuel tanks of the aircraft. If the aviation gasoline is purchased from a registered distributor of motor fuel, the distributor must have delivered the fuel into the purchaser's bulk storage facility at an airport in New York State. The bulk storage facility must be used solely to fuel the purchaser's aircraft. To claim the reimbursement, the purchaser must file Form PR-677, *Aviation Gasoline Partial Reimbursement - Article 13-A*. If the fuel was purchased at the lower effective rate, this reimbursement is not applicable.

The reimbursement must be applied for within two years from the date of purchase. The claimant must maintain records showing that the full rate of petroleum business tax was paid. All records must be kept for three years from the filing date of Form PR-677.

The petroleum business tax rates from September 1, 1995, through December 31, 1996, on aviation gasoline, and the reimbursement per gallon are:

	September 1, 1995, through December 31, 1995	January 1, 1996, through May 31, 1996	June 1, 1996, through December 31, 1996
Full aviation gasoline rate	\$ 0.1387	\$ 0.1441	\$ 0.1374
Effective rate *	<u>0.0559</u>	<u>0.0581</u>	<u>0.0554</u>
Aviation gasoline credit/reimbursement	\$ 0.0828	\$ 0.0860	\$ 0.0820

* This is the rate paid on in-state use by aircraft operators or incurred by registered distributors of motor fuel on aviation gasoline sold to persons registered as retail sellers of aviation gasoline.

Petroleum business tax rates are shown in Publication 908, *Petroleum Business Tax Rates - Article 13-A*.