



Important Notice

November 12, 2021

Prepaid Sales Tax Rate Changes for Diesel Motor Fuel and Motor Fuel

Beginning December 1, 2021, the prepaid sales tax rates on diesel motor fuel and motor fuel are changing. Use the new rate for each region when computing the amount of prepaid sales tax due on:

- taxable sales of previously untaxed diesel motor fuel, and
• all motor fuel imported, caused to be imported, produced, refined, manufactured, compounded, or purchased without tax, in New York State.

Motor fuel distributors must also use the new rates to determine the additional prepaid sales tax due on any inventory held as of the close of business November 30, 2021. No prepaid sales tax adjustment is necessary for diesel motor fuel held in inventory as of November 30, 2021.

The new prepaid rates are:

Table with 2 columns: Region, Rate. Region 1: 18.0 cents per gallon, Region 2: 18.0 cents per gallon, Region 3: 17.0 cents per gallon.

Table with 2 columns: Region description, Counties. Region 1: New York City (Bronx, Kings (Brooklyn), New York (Manhattan), Richmond (Staten Island), and Queens counties), Dutchess County, Orange County, Putnam County, Rockland County, Westchester County. Region 2: Nassau County, Suffolk County. Region 3: all other counties in New York State.

Prepaid sales tax inventory adjustment on motor fuel

You must compute the additional tax due on inventory as a result of the change in rates by determining the difference between the prior sales tax prepayment amount and the new prepayment amount for each region. Compute the adjustment on inventory held as of November 30, 2021, as follows:

1. Determine the number of gallons of motor fuel in your inventory as of close of business November 30, 2021, for each region.

2. Determine the amount of prepaid sales tax you already remitted on this inventory (number of gallons multiplied by the old rate).
3. Determine the amount of prepaid sales tax you are required to pass through on this fuel as of December 1, 2021 (number of gallons multiplied by the new rate).
4. Subtract the amount you previously paid from the amount you are required to pass through at the new rate.
5. Enter the additional tax due amount in the motor fuel tax inventory adjustment field as instructed when you file Form FT-945/1045, *Prepaid Sales Tax on Motor Fuel/Diesel Motor Fuel Return*.

**Example:**

*Step 1: Inventory of motor fuel as of November 30, 2021:*

*Region 1: 5,000 gallons*

*Region 2: 3,000 gallons*

*Region 3: 4,000 gallons*

*Step 2: Prepaid sales tax previously remitted on inventory:*

*Region 1: 5,000 gallons x .160 per gallon = \$800.00*

*Region 2: 3,000 gallons x .160 per gallon = \$480.00*

*Region 3: 4,000 gallons x .150 per gallon = \$600.00*

*Total: \$1,880.00*

*Step 3: Prepaid sales tax due on inventory:*

*Region 1: 5,000 gallons x .180 per gallon = \$900.00*

*Region 2: 3,000 gallons x .180 per gallon = \$540.00*

*Region 3: 4,000 gallons x .170 per gallon = \$680.00*

*Total: \$2,120.00*

*Step 4: Additional tax due (subtract step 2 total from step 3 total):*

*\$2,120.00 - \$1,880.00 = \$240.00*

Also see [Publication 787](#), *Chart for Prepayment of Sales Tax on Diesel Motor Fuel*, and [Publication 790](#), *Chart for Prepayment of Sales Tax on Motor Fuel*.

**Note:** An N-Notice is generally issued to announce a singular event, such as an update to a previously issued tax form or instruction, or to announce a new due date for filing returns and making payments of tax because of a natural disaster. The department does not revise previously issued N-Notices.