



## Suspension of Certain Taxes on Motor Fuel and Diesel Motor Fuel Beginning June 1, 2022

Effective **June 1, 2022**, and continuing through **December 31, 2022**, the excise tax (Article 12-A), prepaid sales tax, and state sales and use taxes (Article 28) on motor fuel and highway diesel motor fuel are suspended. The additional state sales tax imposed in the Metropolitan Commuter Transportation District (MCTD) is also suspended. Counties and cities can elect a cents-per-gallon or percentage rate sales tax method on fuel. As a result, local sales tax rates may change effective June 1, 2022.

### Distributors and wholesalers of motor fuel and distributors of highway diesel motor fuel

#### Sales tax (Article 28)

Effective June 1, 2022, and continuing through December 31, 2022, distributors and wholesalers must **exclude** the prepaid sales tax from the price charged for any sale of motor fuel and highway diesel motor fuel. Distributors and wholesalers may claim a credit or apply for a refund of any prepaid sales tax remitted or paid for such fuel prior to June 1, 2022, when sold. [Form FT-945/1045](#), *Prepaid Sales Tax on Motor Fuel/Diesel Motor Fuel Return*, [Form FT-949](#), *Application for Refund of Prepaid Sales Tax on Motor Fuel Sold Other Than at Retail Service Stations*, or [Form FT-1010](#), *Application for Refund of Prepaid Sales Tax on Diesel Motor Fuel Sold Other Than at Retail Service Stations*, may be used to claim a credit or refund of the prepaid sales tax.

Distributors of motor fuel and highway diesel motor fuel, as well as MCTD motor fuel wholesalers, must continue to Web File Form FT-945/1045, *Prepaid Sales Tax on Motor Fuel/Diesel Motor Fuel Return*. However, the prepaid rates are reduced to zero on the applicable lines of the return during the suspension period.

#### Motor fuel excise tax (Article 12-A)

Effective June 1, 2022, and continuing through December 31, 2022, distributors must **exclude** the excise tax on motor fuel (currently \$.08 per gallon) from the price charged for any sale of motor fuel and highway diesel motor fuel. Distributors may claim a refund of the excise tax paid on such fuel held in inventory prior to June 1, 2022, when the fuel is sold using [Form FT-946/1046](#), *Motor/Diesel Motor Fuel Tax Refund Application* ([Instructions](#)).

Distributors of motor fuel and highway diesel motor fuel, and liquefied petroleum gas fuel permittees, must continue to file their applicable motor fuel and diesel motor fuel returns and schedules during the suspension period. The rates are reduced by the \$.08 per gallon excise tax on the applicable lines of the returns during the suspension period.

## Retail sellers of motor fuel and highway diesel motor fuel

### Sales tax (Articles 28 and 29)

Effective June 1, 2022, and continuing through December 31, 2022, retail sellers of motor fuel and highway diesel motor fuel must **exclude** New York State/MCTD sales tax from the price of these products at the pump. Retailers must continue to file Schedule FR, *Sales and Use Tax on Qualified Motor Fuel and Highway Diesel Motor Fuel*. However, the New York State and MCTD rates have been reduced to zero during the suspension period.

The Tax Law authorizes counties and cities to elect a cents-per-gallon or percentage rate sales tax method on fuel. Several jurisdictions have already elected to change their sales tax rate effective June 1, 2022. We will update [Publication 718-F](#), *Local Sales and Use Tax Rates on Qualified Motor Fuel, Highway Diesel Motor Fuel, and B20 Biodiesel*, and Schedule FR to reflect the current local rates.

Any retailer who sells motor fuel or highway diesel motor fuel during the suspension period for which the prepaid sales tax was certified in the price paid by the retailer may claim a credit for the prepaid sales tax on such fuel on the appropriate sales tax Schedule FR.

To claim a refund of the prepaid sales tax, retailers may also use [Form FT-950](#), *Application for Refund of Prepaid Sales Tax on Motor Fuel Sold at Retail Service Stations*, or [Form FT-1007](#), *Application for Refund of Prepaid Sales Tax on Highway Diesel Motor Fuel Sold at Retail Service Stations*.

### Motor fuel excise tax (Article 12-A)

Effective June 1, 2022, and continuing through December 31, 2022, retail sellers of motor fuel and diesel motor fuel must **exclude** the New York State motor fuel excise tax from the price of these products at the pump.

Any retailer who sells motor fuel or highway diesel motor fuel during the suspension period for which the excise tax was included in the price paid by the retailer may claim a refund of the tax on such fuels by filing Form FT-946/1046, *Motor/Diesel Motor Fuel Tax Refund Application*.

### Fuel use tax/International Fuel Tax Agreement (IFTA) (Article 21-A)

To report any fuel use tax due for New York State, carriers licensed under the International Fuel Tax Agreement (IFTA), must continue to file [Form IFTA-100](#), *IFTA Quarterly Fuel Use Tax Return* and [Form IFTA-101](#), *IFTA Quarterly Fuel Use Tax Schedule* ([Instructions](#)). However, the fuel purchased in New York State during the suspension period must be reported on Form IFTA-101, column L, as **tax-paid gallons** of fuel.

The composite tax rate for New York State that is reported on Form IFTA-101, column N, must be computed using the tax rates in effect on May 31, 2022. Find these rates on [Form IFTA-105](#), *IFTA Final Fuel Use Tax Rate and Rate Code Table 1*, and on the IFTA tax rates webpage at [www.iftach.org](http://www.iftach.org).

Carriers must maintain complete records of all fuel purchases, including purchases of fuel in bulk. Be sure to keep original receipts or invoices of fuel purchases.

## **Additional information**

Proper documentation must be included with any claim for credit or refund. See the instructions for the form you are filing.

Additional guidance on the suspension of certain taxes on motor fuel and diesel motor fuel will be provided on our website.

**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.