

■ How to Figure the Gasohol Exemption

TO: Retailers of Motor Fuel

Thirty percent of gasohol receipts have been exempt from state, mass transit, and water commission sales taxes since January 1, 1990, and home rule sales taxes since September 1, 1990. The purpose of this bulletin is to outline the method you must use for figuring the amount of the exemption.

How do I figure the gasohol exemption for each liability period?

Figure your exemption separately for every sales tax rate you are subject to. Follow these steps.

Step 1: Figure your total receipts from your taxable sales of gasohol.

Step 2: Figure your state and local motor fuel tax. Multiply the number of gallons you sold by the state rate of \$0.19 per gallon. This is your state motor fuel tax. If you sell gasohol in an area that imposes a local motor fuel tax (other than DuPage, Kane, and McHenry counties, which impose county motor fuel tax), multiply the number of

gallons you sold by your local motor fuel tax rate. Add this local motor fuel tax to your state motor fuel tax. If you have multiple locations that have different rates, figure your tax for each location separately.

Step 3: Figure your adjusted taxable receipts. Subtract the amount in Step 2 from the amount in Step 1.

Step 4: Figure your "exemption base." Your "exemption base" will be your adjusted taxable receipts from Step 3 minus state and local sales tax.

Since — for gasohol — only 70 percent of the adjusted taxable receipts is taxable, the effective sales tax rate on 100 percent of the adjusted taxable receipts is reduced by 30 percent. For example, 6.25 percent (.0625) of \$70 has the same value as 4.375 percent (.04375) of \$100.

The following table gives you a divisor to use in figuring the "exemption base" for each separate sales tax rate.

Find the divisor for the corresponding sales tax rate on the table. Then divide the adjusted taxable receipts in Step 3 by the divisor from the table.

Sales tax rate	Divisor*
6.25%	1.04375
6.50%	1.04550
6.75%	1.04725
7.00%	1.04900
7.25%	1.05075
7.50%	1.05250
7.75%	1.05425
8.00%	1.05600
8.25%	1.05775
8.50%	1.05950
8.75%	1.06125
9.00%	1.06300
9.25%	1.06475

* The divisor equals the sales tax rate multiplied by 70 percent (.7) plus 1.

Step 5: Figure your exemption. Multiply your "exemption base" as figured in Step 4 by 30 percent (.30). This is your gasohol exemption. Write this amount on Line 8 of the ST-1 Worksheet for Line 2.

You will find an example of how to figure the gasohol exemption on the reverse side.

Questions?

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.



PRINTED ON RECYCLED PAPER - SOY-BASE INK
BY AUTHORITY OF THE STATE OF ILLINOIS
(7,500 copies - 03/95 - P.O. Number 51499)

Example:

In March, a retailer of motor fuel sold 10,000 gallons of gasohol and had \$10,000 in total receipts from taxable sales. The retailer’s sales tax rate is 6.25 percent. The sales are not subject to local motor fuel tax. Figure the gasohol exemption for the March liability period.

Step 1: Figure the total receipts from taxable sales of gasohol.

Get this information from the retailer’s records. \$10,000.00

Step 2: Figure the state motor fuel tax. (No local motor fuel tax applies in this example.)

10,000 gallons x \$0.19 per gallon = \$1,900.00

Step 3: Figure the adjusted taxable receipts. Subtract the amount in Step 2 from the amount in Step 1.

\$10,000.00 - \$1,900.00 = \$8,100.00

Step 4: Figure the “exemption base.” Divide the adjusted taxable receipts in Step 3 by the divisor from the table. The divisor that corresponds to the sales tax rate of 6.25 percent is 1.04375.

\$8,100.00 ÷ 1.04375 = \$7,760.48

Step 5: Figure the exemption. Multiply the “exemption base” in Step 4 by 30 percent (.30). Write this amount on Line 8 of the ST-1 Worksheet for Line 2.

\$7,760.48 x .30 = \$2,328.14

Sales tax rate	Divisor*
6.25%	1.04375
6.50%	1.04550
6.75%	1.04725
7.00%	1.04900
7.25%	1.05075
7.50%	1.05250
7.75%	1.05425
8.00%	1.05600
8.25%	1.05775
8.50%	1.05950
8.75%	1.06125
9.00%	1.06300
9.25%	1.06475

* The divisor equals the sales tax rate multiplied by 70 percent (.7) plus 1.