

■ Amendment to the Gasohol Fuels Tax Abatement Act

TO: Licensed Motor Fuel Distributors Holding a Blending Permit

Effective May 31, 1996, the Illinois Department of Revenue (IDOR) is required to administer the Gasohol Fuels Tax Abatement Act (GFTAA).

How does this change affect me?

You are no longer required to report gasohol information to the Illinois Department of Agriculture (IDOA). The information you report to the IDOR on your Schedule M, Products Used for Blending, will fulfill your gasohol reporting requirement.

What does the Gasohol Fuels Tax Abatement Act do?

The GFTAA was enacted to encourage the expanded use of alcohol in gasoline. This act allows a percentage of gasohol receipts to be exempt from state, home-rule, mass transit, and water commission sales taxes when specific requirements regarding motor fuel sales in Illinois are met.

What is gasohol?

Gasohol is motor fuel consisting of 90 percent gasoline and at least 10 percent alcohol that contains no more than 1.25 percent water by weight.

How will the IDOR determine if motor fuel sales in Illinois meet the GFTAA requirements?

The Illinois Department of Revenue will use information from Schedule M, Products Used for Blending, to determine if motor fuel sold in Illinois has met the GFTAA requirements. This schedule is attached to Form RMFT-5, Motor Fuel Distributor/Supplier Tax Return.

What percentage of gasohol receipts are exempt from sales taxes?

Beginning in 1997, the IDOR will determine if the motor fuel sold in Illinois **has met** the GFTAA requirements during January 1 through December 31 of the previous year. If the requirements have been met, then 70 percent of the adjusted taxable gasohol receipts will be subject to state, home-rule, mass transit, and water commission sales taxes from July 1 through June 30 of the following

year. (In other words, 30 percent of the adjusted taxable gasohol receipts will be exempt from these sales taxes.)

If the IDOR determines that the motor fuel sold in Illinois **has not met** the GFTAA requirements during this same period, then 85 percent of the adjusted taxable gasohol receipts will be subject to state, home-rule, mass transit, and water commission sales taxes. (In other words, 15 percent of adjusted taxable gasohol receipts will be exempt from these sales taxes.)

On July 1, 1999, this exemption will expire.

How do I figure the gasohol exemption for sales tax?

Informational bulletin FY 95-28, How to Figure the Gasohol Exemption, walks you through the gasohol exemption calculations for the 30 percent exemption to be taken on Form ST-1 Worksheet for Line 2.

To obtain a copy of this bulletin, call our 24-hour Forms Order Line at 1 800 356-6302.

Questions?

If you have questions or need more information about Schedule M or Form RMFT-5,

please call or write our Motor Fuel Review and Correction Section.

If you have questions or need more information about the gasohol exemption for sales tax, please call our Taxpayer Assistance Division or write our Sales Tax Division.

Telephone numbers and addresses are printed at the bottom of this bulletin.

**FOR
INFORMATION...**

CALL: 217 782-2291 Motor Fuel Tax Review and Correction
 1 800 732-8866 Taxpayer Assistance Division
 1 800 544-5304 TDD-telecommunications device for the deaf

WRITE: Motor Fuel Review and Correction, Illinois Department of Revenue, P.O. Box 19477, Springfield, IL 62794-9477
 Sales Tax, Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044

