



Claiming Credit for Prepaid Sales Tax on Motor Fuel and Diesel Motor Fuel on Sales of Fuel That is Not Qualified Fuel

Beginning with the September through November 2007 reporting period, credit for prepaid sales tax paid on fuel that is not *qualified fuel* may be claimed on Schedule FR, *Sales and Use Tax on Qualified Motor Fuel and Diesel Motor Fuel*.^{*} Prior to the September through November 2007 reporting period, vendors making sales of fuel that is not *qualified fuel* could not claim a credit for prepaid sales tax paid on that fuel when filing their periodic sales tax returns.

Although the sales are not reported on Schedule FR, the credit for the prepaid sales tax may be claimed in Step 6 of the schedule. If you do not report sales of qualified fuel on Schedule FR, claiming the credit for the prepaid sales tax will result in a credit balance in box 18 of Schedule FR, *Adjusted tax*. Be sure to precede the credit entry in box 18 with a minus sign (-).

After completing Step 6 of Schedule FR, you must complete Step 7, *Sales of non-qualified fuel*, and provide the number of gallons of motor fuel and diesel motor fuel sold that was not qualified fuel.

Sales of fuel that is not *qualified fuel* must continue to be reported on the appropriate jurisdiction line on Form ST-100, *New York State and Local Quarterly Sales and Use Tax Return*, Form ST-810, *New York State and Local Quarterly Sales and Use Tax Return for Part-Quarterly Filers*, or Form ST-101, *New York State and Local Annual Sales and Use Tax Return*. Examples of the types of sales reported in this manner include fuel sold for commercial heating purposes or sales by fixed base operators of aviation gasoline or kero-jet fuel for use in an aircraft.

For additional information on sales of qualified fuel, see TSB-M-06(8)S, *New Guidelines on the Sales of Motor Fuel and Diesel Motor Fuel Subject to the Cents-Per-Gallon Sales Tax*.

* The information in this notice supersedes the information provided in Important Notice N-06-10, *Notice to Distributors of Automotive Fuels -Reporting Retail Sales of Fuel That is Not Qualified 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.