



**Amendments Affecting the Prepaid Sales Tax on
 Motor Fuel and Diesel Motor Fuel**

This memorandum describes the recently enacted amendments to the Tax Law that are part of the 2014-2015 budget legislation (Chapter 59 of the Laws of 2014) that affect the prepaid sales tax on motor fuel and diesel motor fuel.

Part LL of Chapter 59 of the Laws of 2014 amended the Tax Law to make changes to the prepaid sales tax imposed on motor fuel and diesel motor fuel. The amendments described in this memorandum are effective June 1, 2014.

New regions for purposes of computing the prepaid sales tax

Effective June 1, 2014, new regions are established for purposes of computing the prepaid sales tax:

New 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
New Region 2	Nassau County Suffolk County
New Region 3	all other counties in New York State

Old Region 1 consisted of New York City and the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, and Westchester. Old Region 2 consisted of all counties in New York State not in Region 1.

Changes in the rates of the prepaid sales tax

The amendments also provide for changes in the prepaid sales tax rates on motor fuel and diesel motor fuel. The new prepaid rates applicable on June 1, 2014, are:

New Region 1	17.5 cents per gallon
New Region 2	21.0 cents per gallon
New Region 3	16.0 cents per gallon

NOTE: The amendments described in this memorandum **do not affect** any rates of retail sales tax that apply to sales of motor fuel or diesel motor fuel to consumers. Therefore, the new rates of prepaid sales tax effective June 1, 2014, **will not cause** an increase in the retail selling price (i.e., pump price per gallon) of motor fuel or diesel motor fuel.

Inventory adjustment for distributors of motor fuel

Distributors of motor fuel must compute the additional prepaid sales tax due on motor fuel held in inventory as of May 31, 2014, as a result of the change in the sales tax prepayment rates. The Tax Department will provide separate guidance to distributors of motor fuel on how to compute this prepaid sales tax adjustment. (There is no inventory adjustment necessary for diesel motor fuel held in inventory as of May 31, 2014.)

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.