

INDIANA DEPARTMENT OF REVENUE

DEPARTMENTAL NOTICE #2

DECEMBER 1, 2009

Prepayment of Sales Tax on Gasoline

This document is not a “statement” required to be published in the Indiana Register under IC 4-22-7-7. However, under IC 6-2.5-7-14, the Department is required to publish the prepayment rate in the June and December issues of the Indiana Register. The purpose of this notice is to inform each refiner, terminal operator, and qualified distributor known to the Department to be required to collect prepayments of sales tax on gasoline of the “prepayment rate” effective for the next six-month period. A prepayment rate is calculated twice a year by the Department and is effective for the period January 1 through June 30, or, July 1 through December 31, as appropriate.

The prepayment rate is defined by IC 6-2.5-7-1 and IC 6-2.5-7-14 as the product of:

Step 1

- 1) the statewide average retail price per gallon of gasoline (excluding the Indiana gasoline tax, the federal gasoline tax, and the Indiana gross retail tax); multiplied by
- 2) the state gross retail tax rate [7%]; multiplied by
- 3) eighty percent (80%); and then
- 4) rounded to the nearest one-tenth of one cent (\$0.001)

Step 2

- 1) determine the lesser of the results in step one or
- 2) the product of:
 - (i) the prepayment rate in effect on the day immediately preceding the day on which the prepayment rate is redetermined; multiplied by
 - (ii) one hundred twenty-five percent (125%)
- 3) round the result to the nearest one-tenth of one cent (\$0.001).

Using the most recent retail price of gasoline available (as required by IC 6-2.5-7-14(b)), the Department has determined the statewide average retail price per gallon of gasoline to be two dollars and six and seven-tenths cents (\$2.067). The most recent retail price of gasoline available was based on data contained in the November 2009 Petroleum Marketing Monthly as published by the Energy Information Agency.

Based on the provisions of Step 1 and Step 2; the calculations are as follows:

Step 1

Statewide average retail price per gallon:	2.067
Multiplied by the state retail tax of:	<u>x .07</u>
	0.14469
Multiplied by eighty percent (80%)	<u>x 0.8</u>
	0.1158
Rounded to the nearest one-tenth of one cent:	0.116

Step 2

Previous 6 month prepayment rate:	0.089
Multiplied by 125%	<u>x 1.25</u>
	0.1113
Rounded to the nearest one tenth of one cent:	0.111

Based upon the above calculations, Step 2 will be used in determining the prepayment rate. The prepayment rate of sales tax on gasoline for the six (6) month period beginning January 1, 2010, is eleven and one-tenths cents (\$0.111) per gallon.

Indiana Department of State Revenue



John Eckart
Commissioner

The prepayment rates for periods beginning July 1, 1994 are established below:

<u>Period</u>	<u>Rate Per Gallon</u>
July 1, 1994 to December 31, 1994	2.9 cents
January 1, 1995 to June 30, 1995	3.7 cents
July 1, 1995 to December 31, 1995	3.3 cents
January 1, 1996 to June 30, 1996	3.3 cents
July 1, 1996 to December 31, 1996	3.4 cents
January 1, 1997 to June 30, 1997	4.0 cents
July 1, 1997 to December 31, 1997	3.9 cents
January 1, 1998 to June 30, 1998	4.0 cents
July 1, 1998 to December 31, 1998	2.9 cents
January 1, 1999 to June 30, 1999	3.0 cents
July 1, 1999 to December 31, 1999	2.4 cents
January 1, 2000 to June 30, 2000	3.6 cents
July 1, 2000 to December 31, 2000	4.6 cents
January 1, 2001 to June 30, 2001	4.9 cents
July 1, 2001 to December 31, 2001	4.9 cents
January 1, 2002 to June 30, 2002	4.9 cents
July 1, 2002 to December 31, 2002	3.2 cents
January 1, 2003 to June 30, 2003	5.3 cents
July 1, 2003 to December 31, 2003	6.6 cents
January 1, 2004 to June 30, 2004	6.5 cents
July 1, 2004 to December 31, 2004	6.6 cents
January 1, 2005 to June 30, 2005	7.6 cents
July 1, 2005 to December 31, 2005	7.8 cents
January 1, 2006 to June 30, 2006	11.2 cents
July 1, 2006 to December 31, 2006	9.5 cents
January 1, 2007 to June 30, 2007	11.9 cents
July 1, 2007 to December 31, 2007	9.9 cents
January 1, 2008 to June 30, 2008	12.4 cents
July 1, 2008 to December 31, 2008	15.5 cents
January 1, 2009 to January 31, 2009	19.4 cents
February 1, 2009 to June 30, 2009	9.9 cents
July 1, 2009 to December 31, 2009	8.9 cents
January 1, 2010 to June 30, 2010	11.1 cents