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**DEPARTMENT OF STATE REVENUE**  
**Information Bulletin #71**  
**Sales Tax**  
**July 2006**

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**SUBJECT:** Ethanol Fuel Sales Tax Deduction

**REFERENCE:** [IC 6-2.5-7-1](#); [IC 6-2.5-7-5](#); and [IC 6-6-1.1-103](#)

## **I. INTRODUCTION**

Senate Enrolled Act 353 passed during the 2006 session of the Indiana General Assembly provides effective July 1, 2006 a deduction from the amount of sales tax due for ethanol fuel (E85) dispensed through metered pumps for retail sale.

## **II. DEFINITION**

"E85" is defined as a fuel blend nominally consisting of eighty-five percent (85%) ethanol and fifteen percent (15%) gasoline that meets American Society for Testing and Materials standard specification 5798-99 for fuel ethanol for automotive spark-ignition engines (Ed75Ed85).

## **III. REPORTING AND CLAIMING THE DEDUCTION**

A retail merchant who dispenses E85 from a metered pump shall report to the Department on Form ST-103 MP Schedule A, the total number of gallons of E85 sold from a metered pump during the reporting period.

The retail merchant is entitled to deduct from the sales tax that is required to be remitted an amount equal to the product of ten cents (\$0.10) multiplied by the number of gallons of E85 sold at retail by the retail merchant during the reporting period.

The total amount of deductions that may be claimed by all retailers for all reporting periods may not exceed two million dollars (\$2,000,000). If the Department determines that the sum of the deductions that would be reported for a reporting period plus the total amount of deductions already granted will exceed two million dollars (\$2,000,000), the Department shall publish a notice in the Indiana Register that the deduction program is terminated after the date specified in the notice, and no additional deductions will be granted for retail transactions occurring after the date specified in the notice.

If you have any questions concerning this Bulletin, please do not hesitate to call (317) 615-2700 for assistance.

John Eckart  
Commissioner

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