DEPARTMENT OF STATE REVENUE
Departmental Notice #2
December 1, 2006
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 [6%]; multiplied by
    3) ninety percent (90%); 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 forty two cents ($2.420). The most recent retail price of gasoline available was based on data contained in the November 2006 Petroleum Marketing Monthly as published by the Energy Information Agency.

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

Step 1	
Statewide average retail price per gallon:	2.420
Multiplied by the state retail tax of:	× .06
	0.1452
Multiplied by ninety percent (90%)	× 0.9
	0.13068
Rounded to the nearest one-tenth of one cent:	0.131
Step 2	
Previous 6 month prepayment rate:	0.095
Multiplied by 125%	× 1.25
	0.11875
Rounded to the nearest one-tenth of one cent:	0.119

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, 2007, is eleven and nine-tenths cents ($0.119) per gallon.

Indiana Department of State Revenue

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John Eckart
Commissioner

(Attachment 1)

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

Period			Rate Per Gallon
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

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