
DEPARTMENT OF STATE REVENUE
Departmental Notice #2
November 1, 2008
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) 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 three dollars and twenty-four and eight-tenths cents (\$3.248). The most recent retail price of gasoline available was based on data contained in the November 2008 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: | 3.248 |
| Multiplied by the state retail tax of: | <u>x .07</u> |
| | 0.2274 |
| Multiplied by ninety percent (90%) | <u>x 0.9</u> |
| | 0.2046 |
| Rounded to the nearest one-tenth of one cent: | 0.205 |

Step 2

| | |
|---|---------------|
| Previous 6 month prepayment rate: | 0.155 |
| Multiplied by 125% | <u>x 1.25</u> |
| | 0.1938 |
| Rounded to the nearest one tenth of one cent: | 0.194 |

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, 2009, is nineteen and four-tenths cents (\$0.194) per gallon.

Indiana Department of State Revenue

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 |
| 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 | June 30, 2009 | 19.4 cents |

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