

DEPARTMENT OF STATE REVENUE

Information Bulletin #83
Sales Tax
January 2023
(Replaces Bulletin #83, dated January 2021)
Effective Date: Upon Publication

SUBJECT: Gasoline Use Tax

REFERENCES: [IC 6-2.5-3.5](#)

DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations, or court decisions is not binding on either the department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUMMARY OF CHANGES

Apart from technical, nonsubstantive changes, this bulletin has been revised to include an introduction section and to expand the definition section.

INTRODUCTION

The purpose of this bulletin is to provide guidance concerning the gasoline use tax. The gasoline use tax is imposed on gasoline sales instead of the sales tax. Further, unlike the sales tax, the gasoline use tax is not imposed on the consumer at the retail level, but rather it is collected by distributors. The bulletin describes how the tax is calculated, collected, and paid in more detail below.

DEFINITIONS

"Gasoline" means all products commonly or commercially known or sold as gasoline, including casinghead and absorption or natural gasoline, regardless of their classifications or uses.

Gasoline also means any liquid, which when subjected to distillation of gasoline, naphtha, kerosene, and similar petroleum products with American Society for Testing Materials Designation D-86, shows not less than 10% distilled (recovered) below 347 degrees Fahrenheit or 175 degrees Centigrade, and not less than 95% distilled (recovered) below 464 degrees Fahrenheit or 240 degrees Centigrade. However, the term "gasoline" does not include liquefied gases which would not exist as liquids at a temperature of 60 degrees Fahrenheit or 16 degrees Centigrade, and a pressure of 14.7 pounds per square inch absolute, or denatured, wood, or ethyl alcohol, ether, turpentine, or acetates, unless such product is used as an additive in the manufacture, compounding, or blending of a liquid described in the preceding sentence or is otherwise blended with a liquid described in the preceding sentence (including ethanol used in E85), in which event only the quantity so used is considered gasoline. In addition, "gasoline" does not include those liquids which meet these specifications but which are especially designated for use other than as a fuel for internal combustion engines.

"Federal gasoline tax" means the excise tax imposed on gasoline under Section 4081 of the Internal Revenue Code.

"Indiana gasoline tax" means the tax imposed under [IC 6-6-1.1](#).

"Qualified distributor" means a distributor that:

- (1) Is a licensed distributor under [IC 6-6-1.1](#); and
- (2) Holds an uncanceled gasoline use tax permit issued under [IC 6-2.5-3.5-17](#).

"Refiner" means a person or entity who manufactures or produces gasoline by any process involving substantially more than the blending of gasoline.

"Terminal operator" means a person or entity that:

- (1) Stores gasoline in tanks and equipment used in receiving and storing gasoline from interstate or intrastate pipelines pending wholesale bulk reshipment; or
- (2) Stores gasoline at a boat terminal transfer that is a dock or tank or equipment contiguous to a dock or tank, including equipment used in the unloading of gasoline from a ship or barge and used in transferring the

gasoline to a tank pending wholesale bulk reshipment.

CALCULATING THE MONTHLY GASOLINE USE TAX RATE

The gasoline use tax rate is computed monthly by the department and will be published on the Indiana Department of Revenue's website no later than the 21st day of the month prior to the tax rate becoming effective. The rate can be found in Departmental Notice #2, which is available online at in.gov/dor/legal-resources/tax-library/departmental-notice/. The following is the methodology used to compute the gasoline use tax rate:

Step 1a: The gasoline use tax rate is calculated by determining the average retail price per gallon for all grades of gasoline for each day from the 16th day of the previous month to the 15th day of the current month, inclusive of federal gasoline tax, Indiana gasoline tax, and Indiana gasoline use tax. The price per grade will be weighted by the percentage of all sales by grade to determine the average retail price.

Step 1b: Subtract the per-gallon federal gasoline excise tax rate and the per-gallon Indiana gasoline excise tax rate from the amounts determined in Step 1a.

Step 1c: Subtract the gasoline use tax in effect on that day from the amount determined in Step 1b.

Step 1d: Determine the arithmetic average of the Step 1c amount determined for each day from the 16th day of the prior month to the 15th day of the current month. For instance, to determine the average price for July, add the average retail price minus taxes (Step 1c) for each of the 31 days from May 16 to June 15 and then divide the sum by 31.

Step 2: Multiply the amount determined in Step 1d by 7% (0.07) and round to the nearest one-tenth of one cent (\$0.001). This is the gasoline use tax rate for the following month.

PAYMENT OF THE GASOLINE USE TAX

Whenever a refiner, terminal operator, or qualified distributor (seller) sells gasoline to a distributor that does not meet the definition of a qualified distributor for gasoline use tax purposes as defined previously or sells to a retail merchant (buyer), that seller shall collect the gasoline use tax from the buyer. In addition, if a refiner, terminal operator, or qualified distributor transfers gasoline to a location for purposes of the retail sale of that gasoline, that refiner, terminal operator, or qualified distributor is subject to gasoline use tax upon the transfer of the gasoline. The consumer of gasoline (i.e., the retail customer) shall have no liability for the Indiana sales or use taxes on any gasoline purchases.

The gasoline use tax is also imposed on distributors (other than qualified distributors) who import gasoline from outside Indiana for shipment into and sale or use in Indiana. A distributor importing gasoline into Indiana must obtain a permit from the department as defined in [IC 6-2.5-3.5-17](#). A refiner, terminal operator, qualified distributor, or distributor responsible for remitting the gasoline use tax shall file its returns and remit its taxes via the department's online tax service portal, called the Indiana Taxpayer Information Management Engine (INTIME), which can be accessed at intime.dor.in.gov. Payments are due on the 25th day of the month for all gasoline sold from the 1st day of the month to the 15th day of the month (i.e., tax on sales from July 1 to July 15 are due on July 25). Payments are due on the 10th day of the following month for all gasoline sold from the 16th day of the month to the last day of the month (i.e., tax on sales from July 16 to July 31 are due on August 10). Timely payments are permitted a collection allowance in the manner permitted under [IC 6-2.5-6-10](#), as described in the section below.

A refiner, terminal operator, or qualified distributor must also file a monthly report reporting exempt gallons sold and the tax paid by each purchaser or recipient. This report is due at the end of the month after the gallons of gasoline are sold (for instance, the July monthly report is due August 31). On the report, the refiner, terminal operator, or qualified distributor should provide the data on an aggregate per-customer basis, as opposed to providing separate entries for each purchase made by a single customer. For example, if during any given month a terminal operator makes five exempt sales to "Purchaser," where each of the five sales involve 10,000 gallons, the terminal operator's monthly report of exempt sales should list a single entry for Purchaser of 50,000 gallons instead of five entries of 10,000 gallon sales.

COLLECTION ALLOWANCE

The collection allowance for a calendar year will be based on the total sales tax or gasoline use tax liability accrued for the 12-month period ending on June 30 of the preceding calendar year.

Tax Liability for Previous 12 Months Ending June Collection Allowance for Subsequent Calendar Year

30

\$60,000.00 or Less	0.73%
\$60,000.01 through \$600,000.00	0.53%
\$600,000.01 or More	0.26%

INTIME, the department's e-services portal, will show the collection allowance percentage for retail merchants who report and remit through this program for gasoline use tax, sales tax, and related online vouchers.

BONDING AND FINANCIAL REPORTING

A refiner, terminal operator, or qualified distributor that has a surety bond for gasoline tax as provided under [IC 6-6-1.1-406](#) *et seq.* will also be required to have a surety bond for the payment of gasoline use tax. The department shall determine the amount of the bond; however, any bond shall not be less than \$2,000 and not greater than an amount equal to a three-month gasoline use tax liability for the refiner, terminal operator, or qualified distributor, as estimated by the department.

A refiner, terminal operator, or qualified distributor may be asked to provide financial records sufficient to demonstrate their revenues, expenses, assets, and liabilities for purposes of determining bonding requirements. A current financial statement, beginning balance sheet, or year-end report, similar to what is required by the department for fuel tax license applications (Form FT-1) will be sufficient to meet the financial reporting requirements.

EXEMPT TRANSACTIONS AND REFUNDS

As a general matter, the sales tax exemptions set forth in [IC 6-2.5-5](#) apply to the gasoline use tax. Accordingly, a purchase of gasoline will be exempt from use tax to the same extent that transaction would be exempt from sales tax under [IC 6-2.5-5](#). The more notable exemptions include: sales to public utilities ([IC 6-2.5-5-14](#)); sales to state or local governments ([IC 6-2.5-5-16](#)); sales to the United States government ([IC 6-2.5-5-24](#)); sales to a nonprofit ([IC 6-2.5-5-25](#)); and sales for use in public transportation ([IC 6-2.5-5-27](#)). However, notably, the sale for resale exemption under [IC 6-2.5-5-8](#) does not apply to the gasoline use tax.

If a purchase or shipment of gasoline is made within Indiana for shipment and subsequent sale outside Indiana, the purchase or shipment is exempt from the gasoline use tax. In such a case, if the gasoline use tax has already been paid, a distributor (including a qualified distributor) may claim a refund for the gasoline use tax paid on the gallons purchased. This refund may be claimed by completing Form GA-110L and providing all supporting documentation.

A qualified distributor may be allowed to make an adjustment on Form GT-103 when they are notified by a retail merchant that the retail merchant was not fully reimbursed by a customer's credit card company. For example, the retail merchant sold gasoline to an exempt customer, as defined by [IC 6-2.5-5](#), who paid using a credit card. Due to the agreement by the credit card company, the retail merchant was not fully reimbursed for the gasoline use tax when the gasoline was sold to an exempt customer. The tax that was paid by the retail merchant but not collected from the exempt customer can be claimed by a qualified distributor on the "Adjustments" line on Form GT-103. However, the qualified distributor must have a copy of all exemption certificates (Form ST-105) provided to the retail merchant available upon request by the department. Furthermore, the department will request proof that the distributor reimbursed the retail merchant for the gasoline use tax paid by the retail merchant. A copy of the credit card statement showing the difference in reimbursement to the retail merchant due to the gasoline use tax exemptions must also be provided.

NOTE: On or around January 1, 2023, Form ST-105 will no longer be used to claim gasoline use tax exemptions. Instead, purchasers who want to claim an exemption must use a new certificate, Form GT-105. If an exemption or purchaser is not listed on that form, the purchaser must remit gasoline use tax and request a refund.

In addition, a qualified distributor shall be allowed to make an adjustment on Form GT-103 to reflect any gasoline use tax imposed on purchases by the qualified distributor when the qualified distributor purchases gasoline from another distributor who has previously paid gasoline use tax on the gallons sold to the qualified distributor. Any information related to the payment of the gasoline use tax on gasoline purchased by the qualified distributor must be provided to the department upon request. A customer who has paid the gasoline use tax on gasoline that is used for an exempt purpose, as defined by [IC 6-2.5-5](#), may request a refund. The refund may be claimed by completing Form GA-110L and providing all supporting documentation.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

Robert J. Grennes, Jr.
Commissioner

Posted: 01/25/2023 by Legislative Services Agency
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