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REVENUE ADMINISTRATIVE BULLETIN 2013-2

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SALES TAX - NOTICE OF CHANGE IN PREPAID GASOLINE SALES TAX RATE

(Replaces Revenue Administrative Bulletin 2012-2)

Pursuant to MCL 205.6a, a taxpayer may rely on a Revenue Administrative Bulletin issued by the Department of Treasury after September 30, 2006, and shall not be penalized for that reliance until the bulletin is revoked in writing. However, reliance by the taxpayer is limited to issues addressed in the bulletin for tax periods up to the effective date of an amendment to the law upon which the bulletin is based or for tax periods up to the date of a final order of a court of competent jurisdiction for which all rights of appeal have been exhausted or have expired that overrules or modifies the law upon which the bulletin is based.

RAB 2013-2. This Revenue Administrative Bulletin (RAB) announces a change in the prepaid gasoline sales tax rate. This bulletin also identifies the calculation method used to make the rate determination. This RAB supersedes RAB 2012-2.

ISSUES

- I. What is the new rate?
- II. Why do we need to change rates?
- III. In the event of a rate change when will the change be announced?
- IV. What is the recent historical information on the rate?

CONCLUSIONS

- I. Effective **March 1, 2013** the new prepaid gasoline sales tax rate is **18.1** cents per gallon.
- II. Section 6a(2) of the General Sales Tax Act was amended by Public Act 556 of 2008 to require review of the rate every 3 months, and to adjust the rate if the change in the statewide average retail price of a gallon of self-serve unleaded regular gasoline has been at least 10% since last changed.
- III. A Revenue Administrative Bulletin announcing the change will generally be issued the first day of the month preceding the effective date of the rate change.
- IV.
 - a. Effective May 1, 1994 through July 31, 1999, the rate was established at 5.4 cents per gallon.
 - b. Effective August 1, 1999 through December 31, 1999, the rate was established at 4.6 cents per gallon.
 - c. Effective January 1, 2000 through August 31, 2000, the rate was established at 5.7 cents per gallon.

- d. Effective September 1, 2000 through February 28, 2001, the rate was established at 6.8 cents per gallon.
- e. Effective March 1, 2001 through February 28, 2002, the rate was established at 8.1 cents per gallon.
- f. Effective March 1, 2002 through July 31, 2002, the rate was established at 7.9 cents per gallon.
- g. Effective August 1, 2002 through December 31, 2002, the rate was established at 5.8 cents per gallon.
- h. Effective January 1, 2003 through January 31, 2004, the rate was established at 7.2 cents per gallon.
- i. Effective February 1, 2004 through March 31, 2005 the rate was established at 7.9 cents per gallon.
- j. Effective April 1, 2005 through April 30, 2006 the rate was established at 9.9 cents per gallon.
- k. Effective May 1, 2006 through April 30, 2007 the rate was established at 12.7 cents per gallon.
- l. Effective May 1, 2007 through March 31, 2008 the rate was established at 13.1 cents per gallon.
- m. Effective April 1, 2008 through September 30, 2008 the rate was established at 16.0 cents per gallon.
- n. Effective October 1, 2008 through February 28, 2009 the rate was established at 18.5 cents per gallon.
- o. Effective March 1, 2009 through May 31, 2009 the rate was established at 11.6 cents per gallon.
- p. Effective June 1, 2009 through August 31, 2009 the rate was established at 9.8 cents per gallon.
- q. Effective September 1, 2009 through May 31, 2010 the rate was established at 12.4 cents per gallon.
- r. Effective June 1, 2010 through May 31, 2011 the rate was established at 14.2 cents per gallon.
- s. Effective June 1, 2011 through August 31, 2011 the rate was established at 17.6 cents per gallon.
- t. Effective September 1, 2011 through February 29, 2012 the rate was established at 21.3 cents per gallon.
- u. Effective March 1, 2012 through May 31, 2012 the rate was established at 17.9 cents per gallon.
- v. **Effective June 1, 2012 through February 28, 2013 the rate was established at 20.5 cents per gallon.**

LAW & ANALYSIS

As provided in Section 6a of the General Sales Tax Act, at the time of purchase or shipment from a refiner, pipeline terminal operator, or marine terminal operator, a purchaser or receiver of gasoline shall prepay a portion of the sales tax at a rate determined and certified by the department. MCL 205.56a(1). The department must determine the prepaid sales tax rate every 3 months unless the change in the statewide average retail price of a gallon of self-serve unleaded regular gasoline has been less than 10% since the establishment of the rate of the prepayment then in effect. MCL 205.56a(2).

The prepaid sales tax rate is determined by starting with the statewide average retail price of a gallon of self-serve unleaded regular gasoline for the period being examined, subtracting the amounts of state motor fuel and sales taxes per gallon and then multiplying that net amount by 6 percent.

The most recent review examined the statewide average retail price of self-serve unleaded regular gasoline for the three month period commencing on **October 1, 2012 and ending on December 31, 2012**. It was determined that the prepaid sales tax rate on a gallon of unleaded regular gasoline will change to **18.1** cents per gallon pursuant to MCL 205.56a(2) effective **March 1, 2013**.

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