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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
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LANSING, MICHIGAN 48922

REVENUE ADMINISTRATIVE BULLETIN 1988-6

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COMPUTATION OF GASOLINE TAX
PROPER MEASUREMENT OF TAXABLE GALLONAGE

RAB-88-6. The Michigan Department of Treasury has established the following guidelines for taxability of gasoline by wholesale distributors. The proper measurement of taxable gasoline gallonage shall be gross gallonage received from whatever source.

Computation Based on Gross Gallonage

The Motor Fuel Tax Act, specifically MCL 207.108, describes the computation and payment of the gasoline tax by the licensed wholesale distributor. Wholesale Distributor is defined in the Michigan Motor Fuel Tax Rule, 1979 AC, R 207.1(h). Gasoline is taxable upon purchase and/or withdrawal from a terminal storage. The tax is computed on the total gallonage handled as evidence by the shipper's bill of lading less tax exempt sales and statutory deduction.

Due to changes in temperature and other circumstances, the amount of fuel withdrawn from storage is not always the amount of fuel received. Invoices typically show both the gallons shipped (gross) and gallons received (net). Because of this, the questions arises as to which amount (gross shipped or net shipped gallons) should be used to determine the gasoline tax liability.

The proper measure to compute total gallonage subject to tax is gross gallons. Gross gallons are measured at actual concurrent temperature of the motor fuel without adjustment for any temperature variance. See Michigan's Motor Fuel Tax Rule, 1979 AC, R 207.1. Sellers subject to payment of the tax shall not enrich themselves by collecting more tax from their customers than shall be remitted to the State.