



Liquefied Natural Gas Treated the Same As Compressed Natural Gas

This TSB-M explains that certain tax exemptions that apply to compressed natural gas (CNG) also apply to liquefied natural gas (LNG).

Compressed Natural Gas (CNG) is exempt from the excise tax (Article 12-A), the petroleum business tax (Article 13-A), and the prepaid sales tax and state and local sales and use taxes (Articles 28 and 29).¹ Because of these exemptions, CNG is taxed at a rate of \$0.00 per gallon under the fuel use tax – IFTA (Article 21-A).

The Tax Law defines *CNG* as fuel comprised primarily of methane, stored in either a gaseous or liquid state, suitable for use and consumption in the engine of a motor vehicle. *Liquefied natural gas (LNG)* is not defined by the Tax Law, but it is commonly understood to mean natural gas (methane) that has been converted to a liquid form for ease of storage or transport. Since the definition of CNG includes fuel stored in a liquid state, LNG is considered CNG and the same exemptions apply.

Instructions for Distributors

Importers and producers of CNG (including LNG) must be registered as distributors of motor fuel and must report their sales as follows:

- On Form PT-101, *Tax on Motor Fuel*, report LNG on the line for CNG, subject to only the petroleum testing fee rate of \$.0005 per gallon.
- On Form ST-100.10, *Quarterly Schedule FR - Sales and Use Tax on Qualified Motor Fuel and Highway Diesel Motor Fuel*, include LNG as nontaxable gallons sold in step 1.

¹ See TSB-M-06(2)M, *Excise Tax and Petroleum Business Tax Exemptions for Certain Alternative Fuels Beginning September 1, 2006*, and TSB-M-06(10)S, *Sales Tax Exemptions and Reductions for Certain Alternative Fuels Beginning September 1, 2006*.

Consumer refunds

Consumers that purchased LNG with taxes included may file a claim for refund as follows:

- Use Form FT-946/1046, *Motor/Diesel Motor Fuel Tax Refund Application* to claim a refund for the Article 12-A excise tax.
- Use Form AU-630, *Application for Reimbursement of the Petroleum Business Tax* to claim a reimbursement for the Article 13-A petroleum business tax.
- Use Form FT-500, *Application for Refund of Sales Tax Paid on Petroleum Products* to claim a refund for the Article 28 sales tax.

Instructions for motor carriers for IFTA reporting and refunds

Motor carriers must report sales of LNG as follows:

- On Form IFTA-101, *IFTA Quarterly Fuel Tax Schedule*, list LNG as a separate fuel type (code L) for fuel use tax (IFTA). LNG is taxed at a rate of \$0.00 per gallon.

Motor carriers that computed fuel use tax on LNG at the full motor fuel tax rate on a prior return may claim a credit or refund as follows:

- File an amended Form IFTA-100, *IFTA Quarterly Fuel Use Tax Return*, and IFTA-101 (as described above) to claim a credit or refund of the Article 21-A fuel use tax (IFTA) that was previously paid on LNG that was consumed in New York State. You must make the claim for refund or credit within 48 months from the date you filed the original return.

NOTE: A TSB-M is an informational statement of existing department policies or of changes to the law, regulations, or department policies. It is accurate on the date issued. Subsequent changes in the law or regulations, judicial decisions, Tax Appeals Tribunal decisions, or changes in department policies could affect the validity of the information presented in a TSB-M.