

ST 26-0032-GIL 08/03/2026 GROSS RECEIPTS

Federal taxes on gasoline are not deductible from gross receipts when computing retailers' occupation tax liability because the legal incidence of these taxes is not on the consumer. See 86 Ill. Adm. Code 130.445. (This is a GIL).

August 3, 2026

NAME
COMPANY
ADDRESS
EMAIL

Dear NAME:

This letter is in response to your letter dated June 4, 2026, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL.

INQUIRY:

I am writing to inquire about the proper way to file the ST-1 for gas stations, specifically regarding federal taxes withheld by fuel suppliers.

Fuel suppliers invoice my clients for federal taxes (approximately \\$.18 per gallon) on each invoice. My clients pass these costs on to consumers by including them in the retail price of gasoline.

When remitting ST-1 sales for the month, what is the correct treatment of these federal taxes? Should they be included in gross receipts on Line 1 of the

August 3, 2026

ST-1 and then deducted on Schedule A, or should they be excluded from gross receipts on Line 1 and therefore not deducted on Schedule A?

DEPARTMENT'S RULING:

The Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property at retail to purchasers for use or consumption. 35 ILCS 120/2. The Use Tax which complements the Retailers' Occupation Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. 35 ILCS 105/3. These taxes comprise what is commonly known as "sales tax" in Illinois.

In computing Retailers' Occupation Tax liability, no deductions shall be made by a taxpayer from gross receipts or selling prices on account of the cost of property sold, the cost of materials used, labor or service costs, idle time charges, incoming freight or transportation costs, overhead costs, processing charges, clerk hire or salesmen's commissions, interest paid by the seller, or any other expenses whatsoever. See 86 Ill. Adm. Code 130.410.

Federal taxes imposed on tangible personal property when sold by a wholesaler, an importer, a manufacturer, or other producer (such as the Federal taxes on gasoline, diesel, tires, or other tangible personal property when sold by a wholesaler, an importer, a manufacturer, or other producer) are not deductible from gross receipts when computing retailers' occupation tax liability because the legal incidence of these taxes is not on the consumer. The retailer does not, in any legal sense, act as a collector of these taxes, even though it shifts the economic burden of these taxes to the consumer. Such federal taxes are costs of doing business to the person who pays them or to persons to whom the economic burden of such taxes may be shifted by those who pay the taxes to the Federal Government. See 86 Ill. Adm. Code 130.445.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department's Taxpayer Assistance Division at 800-732-8866.

Very truly yours,

Thomas Grudichak
Associate Counsel

TG:slc