

CHAPTER 66

AN ACT allowing certain fuel dealers and distributors refunds of petroleum products gross receipts tax and credits against motor fuel tax for certain bad debts from the dealers' and distributors' sale of fuel, supplementing P.L.1990, c.42 (C.54:15B-1 et seq.) and P.L.2010, c.22 (C.54:39-101 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

C.54:15B-14 Fuel dealers, distributors, certain, refunds permitted, "bad debt" defined.

1. a. A distributor of motor fuels licensed pursuant to section 33 of P.L.2010, c.22 (C.54:39-133) or a person that has been recognized as a licensed company pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12) shall be allowed a refund for the portion of a bad debt from the sale of fuel that constitutes petroleum products gross receipts tax. The portion of a bad debt from the sale of fuel that constitutes petroleum products gross receipts tax shall be determined from the purchase and sale records concerning the person filing for the refund and shall be that portion of the charge for fuel and the charge for tax that is the charge for tax, without regard to any other charges reflected on the distributor's invoice.

b. As an alternative to applying for a refund, a taxpayer that has been recognized as a licensed company pursuant to section 6 of P.L.1991, c.181 (C.54:15B-12) may elect to receive the value of the portion of a bad debt from the sale of fuel that constitutes petroleum products gross receipts tax by taking a deduction from gallons sold against the payment otherwise required pursuant to section 7 of P.L.1990, c.42 (C.54:15B-7). The reduction of the payment required pursuant to section 7 of P.L.1990, c.42 (C.54:15B-7) shall be applied on the report for the period during which the bad debt is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. If the reduction of payment allowed pursuant to this subsection exceeds the amount of petroleum products gross receipts tax otherwise due for the period during which the bad debt is written off, that amount of excess may be carried forward to subsequent periods, as necessary, and applied against liability in those periods.

c. For the purposes of this section:

"Bad debt" means "bad debt" as defined by section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) as the basis for calculating bad debt recovery; provided however, the amount calculated pursuant to section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) shall be adjusted to consider any amount paid on an account to be a payment for motor fuel and petroleum products gross receipts tax, and any charges on the account for anything other than motor fuel and petroleum products gross receipts tax shall be disregarded in calculating the amount of bad debt.

d. If the refund for bad debt pursuant to subsection a. of this section or the deduction from the payment otherwise required pursuant to section 7 of P.L.1990, c.42 (C.54:15B-7) allowed pursuant to subsection b. of this section is taken for a bad debt and the debt is subsequently collected in whole or in part, any amount collected shall be considered payment for motor fuel, petroleum products gross receipts tax, and any associated service charges reflected on the account, and the proportion of the amount collected that is petroleum products gross receipts tax shall be paid and reported on the report filed for the period in which the collection is made.

C.54:39-137a Distributor allowed credit against payment; "bad debt" defined.

2. a. A distributor shall be allowed a credit against the payment required pursuant to subsection c. of section 5 of P.L.2010, c.22 (C.54:39-105) for the portion of a bad debt from

the sale of motor fuel that constitutes motor fuel tax. The portion of a bad debt from the sale of motor fuel that constitutes motor fuel tax shall be determined from the statements required by subsection a. of section 5 of P.L.2010, c.22 (C.54:39-105) to be delivered with each consignment of fuel to a purchaser and shall be that portion of the charge for fuel and the charge for tax that is the charge for tax, without regard to any other charges reflected on the statement.

b. The credit against the payment required pursuant to subsection c. of section 5 of P.L.2010, c.22 (C.54:39-105) allowed pursuant to subsection a. of this section shall be applied on the report for the period during which the bad debt is written off as uncollectible in the claimant's books and records and is eligible to be deducted for federal income tax purposes. If the amount of the credit allowed pursuant to subsection a. of this section exceeds the amount of motor fuel tax for the period during which the bad debt is written off, that amount of excess credit may be carried forward to subsequent periods, as necessary, and applied against liability in those periods.

c. For the purposes of this section:

"Bad debt" means "bad debt" as defined by section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) as the basis for calculating bad debt recovery; provided however, the amount calculated pursuant to section 166 of the federal Internal Revenue Code (26 U.S.C. s.166) shall be adjusted to consider any amount paid on an account to be a payment for motor fuel and motor fuel tax, and any charges on the account for anything other than motor fuel and motor fuel tax shall be disregarded in calculating the amount of bad debt.

d. If the credit against the payment required pursuant to subsection c. of section 5 of P.L.2010, c.22 (C.54:39-105) allowed pursuant to subsection a. of this section is taken for a bad debt and the debt is subsequently collected in whole or in part, any amount collected shall be considered payment for motor fuel, motor fuel tax, and any associated service charges on the account and the portion of the amount collected that constitutes motor fuel tax shall be paid and reported on the report filed for the period in which the collection is made.

3. This act shall take effect immediately and apply to fuel sold on or after the first day of the third month next following the date of enactment.

Approved November 21, 2016.