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CLIENT ALERT

Petroleum Products Gross Receipts Tax Increase

Well...Well, another “hidden” tax increase!

You may recall back in 2016, “compromise” tax bills were enacted, one of which provided for a new 23¢ (actually 22.6¢) tax per gallon of gas. Since this amount is not generating the expected revenues of \$1.6 billion over eight (8) years (\$200 million average per year), the New Jersey Department of Treasury advises that the tax rate has to be increased.

Consequently, the New Jersey Department of the Treasury announced that lower fuel consumption levels the last two years necessitate a 4.3¢ per gallon increase in the petroleum products gross receipts (PPGR) tax in order to ensure compliance with the 2016 law that requires a steady stream of revenue to support the state’s Transportation Trust program. The PPGR tax rate on gasoline and diesel will increase 4.3¢ per gallon to 26.9¢, effective Oct. 1, 2018.

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Disclaimer: *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*