INSTRUCTIONS

N.J.S.A. 54:1SB-1 et seq., imposes a tax on (a) the gross receipts derived or gallons sold from the first sale of petroleum products made to points in New Jersey, and (b) the dollar consideration given or contracted to be given for petroleum products imported or caused to be imported for use or consumption within New Jersey. The tax became effective July 1, 1990.

You may obtain information by contacting: New Jersey Division of Taxation, Office of Communications, PO Box 281, Trenton, New Jersey 08695-0281, by calling the Division of Taxation’s Customer Service Center at 609 292-6400, or by visiting our website at www.state.nj.us/treasury/taxation.

GENERAL INSTRUCTIONS FOR FILING FORMS PPT-40 AND PPT-41

WHO MUST FILE

Any company that makes a sale of petroleum products delivered to a location in New Jersey and sold to a purchaser which is not the holder of a direct payment permit must pay a quarterly tax at the rate of 2-3/4% of its gross earnings derived from the first sale of petroleum products within this state.

The tax rate for sales of fuel oils, aviation fuels, and motor fuel is subject to tax under N.J.S.A. 54:39-1 et seq., shall be converted by an adjustment to a cents per gallon rate. The current tax rate is $0.04 per gallon. The reporting of the gallonage subject to tax of fuel oils, aviation fuels, and motor fuels should be in whole gallons.

Any company that imports or causes to be imported petroleum products for use or consumption by it within this state on which the tax has not been paid is liable for the tax. The dollar consideration of all such imported petroleum products exceeds $5,000 during the quarterly period.

WHEN AND WHERE TO FILE

The quarterly reconciliation return (PPT-40) is due the 25th day of the month following the end of the quarter. A quarterly return must be filed whether or not tax is due.

A monthly remittance (PPT-41) is due for all other months. The remittance is due the 25th day of the month following the end of the month. If the tax obligation on Line 1 of the monthly remittance is zero, no filing of the remittance is required.

The schedule for the monthly remittances and quarterly reconciliations follows. When the due date falls on a weekend or legal holiday, the due date then becomes the next business day.

<table>
<thead>
<tr>
<th>MONTH</th>
<th>DUE DATE</th>
<th>DOCUMENT REQUIRED</th>
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<tbody>
<tr>
<td>January</td>
<td>February 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<tr>
<td>February</td>
<td>March 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<tr>
<td>March</td>
<td>April 25</td>
<td>Quarterly Reconciliation (PPT-40)</td>
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<tr>
<td>April</td>
<td>May 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<tr>
<td>May</td>
<td>June 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<td>June</td>
<td>July 25</td>
<td>Quarterly Reconciliation (PPT-40)</td>
</tr>
<tr>
<td>July</td>
<td>August 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<td>August</td>
<td>September 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<td>September</td>
<td>October 25</td>
<td>Quarterly Reconciliation (PPT-40)</td>
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<td>October</td>
<td>November 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<tr>
<td>November</td>
<td>December 25</td>
<td>Monthly Remittance (PPT-4)</td>
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<tr>
<td>December</td>
<td>January 25</td>
<td>Quarterly Reconciliation (PPT-40)</td>
</tr>
</tbody>
</table>

BOOK TRANSFER - An accounting procedure for simultaneously settling multiple petroleum delivery obligations.

SALES FOR EXPORTATION - Receipts from the sales of products for which the buyer has issued a properly completed Export Certificate (Form PPT-4).

RESIDENTIAL USE - A company in the business of selling No. 2, No. 4, and No. 6 fuel oil or kerosene to be used for residential use is exempt from tax. Application for Residential Use Permit may be obtained from the Division of Taxation.

GOVERNMENTAL ENTITIES - Receipts from sales of the State of New Jersey, its agencies, instrumentalities or political subdivisions; the United Nations of America, its agencies and instrumentalities; and, the United Nations are not subject to tax if they are evidenced by an invoice meeting statutory standards.

EXEMPT ORGANIZATIONS - Receipts from sales to nonprofit entities, qualified as such for sales tax purposes with the New Jersey Division of Taxation, are not subject to tax if they are evidenced by an invoice meeting statutory standards and made pursuant to a written contract extending one year or longer.

Terms - Petroleum Products Gross Receipts Tax

GROSS RECEIPTS - All consideration derived from the sale of petroleum products within this State.

PETROLEUM PRODUCTS - Refined products made from crude petroleum and its fractionation products through distillation of crude oil or through re-distillation of unfinished derivatives.

Petroleum products include, for example, and without limitation: acid oil, alkylates, aromatic chemicals, gasoline, greases, lubricating fluids, jet fuels, kerosene, mineral jelly, mineral oils [natural], mineral waxes [natural], naphtha, naphthenic acids, oils and fuel [lubricating and illuminating], paraffin wax, and solvents.

Petroleum products include those products which through blending, combining, compounding or mixing products that result from the distillation or re-distillation of petroleum products with other substances result in a new or enhanced petroleum product.

FIRST SALE OF PETROLEUM PRODUCTS WITHIN NEW JERSEY - The initial sale of petroleum products delivered to a location in New Jersey and sold to a purchaser which is not a holder of a direct payment permit. A “first sale of petroleum products within this State” does not include a book or exchange transfer of petroleum products if such products are intended to be sold in the ordinary course of business.

Taxpayers using the New Jersey Electronic Funds Transfer (EFT) Program are not required to file the paper monthly remittance document (PPT-41). Your EFT remittance fulfills this obligation. The quarterly reconciliation (PPT-40) is still required to be filed.

The completed return should be mailed to: State of New Jersey Revenue Processing Center, PO Box 243, Trenton, NJ 08646-0243. Make check payable to: State of New Jersey-PPT.
OTHER EXEMPT SALES — Other exempt sales include sales of (a) asphalt and asphaltic materials, (b) polymer grade propylene used in the manufacture of polypropylene, (c) petroleum products used by marine vessels in interstate or foreign commerce, and (d) aviation fuels used by common carriers in interstate or foreign commerce other than the "burnout: portion.

INVOICE — An invoice meeting statutory standards shall reflect the name and address of the person from whom the petroleum products were purchased, the name of the purchaser, the date of the purchase, the quantity of the product purchased, the price paid for the purchase of the product, and an acknowledgment by the seller that the payment of the cost of the product to the seller, including the petroleum gross receipts tax due thereon, if appropriate, has been made. The invoice shall be legibly written and shall be void if any corrections or erasures appear on the face thereof.

DIRECT PAYMENT AUTHORITY — A properly documented sale or transfer to the issuer of a valid direct payment permit is not a first sale of petroleum product within New Jersey. Direct payment permits are restricted to purchases or specified products which limits tax free purchases to the products for which the permit was authorized and issued. The authorized use is stated on each permit.

IMPORTING PETROLEUM PRODUCTS INTO NEW JERSEY - Purchases of petroleum products outside New Jersey for use or consumption in New Jersey are subject to tax. The purchases of petroleum products from outside New Jersey are subject to tax provided that the consideration given or contracted to be given for all such deliveries made during a quarterly period exceeds a threshold of $5,000. This does not include petroleum products held for sales which would be taxed on the company’s gross receipts from first sales of petroleum products within New Jersey. Blending is not considered a use for import purposes.

ACCOUNTING METHODS — Where a company using petroleum products in New Jersey makes purchases in New Jersey and also imports petroleum products into the State, and if, subsequently, it exports petroleum products outside the State by pipeline, barge or tank wagon, for example, such company should use a FIFO accounting method for petroleum products commingled in storage in New Jersey and subsequently exported from the State.

THE NEW JERSEY TAXPAYERS’ BILL OF RIGHTS

The Taxpayers’ Bill of Rights became law as P.L. 1992, c.175. The intent of the legislation is to insure that all taxpayers receive the information and assistance they need to understand and meet their State tax responsibilities and to insure that they receive fair and equal treatment in their dealings with the New Jersey Division of Taxation.

Information on the Taxpayers’ Bill of Rights is available through the Division of Taxation. Call the New Jersey Division of Taxation’s Customer Service Center at 609 292-6400 to order “An Overview of the Taxpayer Bill of Rights” brochure (TBR-101)

Many State tax forms and publications are now available, both by fax and through the World Wide Web. Call NJ TaxFax at 609 826-4500 from your fax machine’s phone, or access the Division’s home page via your computer’s modem at: http://www.state.nj.us/treasury/taxation
This return reflects two columns labeled “GALLONS” and “RECEIPTS/CONSIDERATION”. Gallons should be reported in whole gallons. The safe, importation, or consumption of fuel oils, aviation fuels and motor fuels subject to tax under R.S. 54:39-1 et seq. should be reported in the “GALLONS” Column only. These products will be taxed at a rate of 5.04 per gallon. The gross receipts and dollar consideration of all other petroleum products should be reflected in the “RECEIPTS/CONSIDERATION” Column. This will be taxed at the rate of 2-3/4%. Information pertaining to a given transaction should be either Column A or B, not both.

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1. Indicate the year and quarter for which the return is being filed.
2. Enter telephone number of a contact person.
3. Enter the name of a contact person.

Line 1 - Enter the total sales of petroleum products to points in New Jersey from Schedule 1, Column A (gallons sold) or Column B (gross receipts). Include gallons and gross receipts that will be reflected on lines 2a through 2d (deductions and exemptions). DO NOT include gallons or values assigned to book transfers and exchange agreements (as defined in Meaning of Terms).

Line 2a - Sales for residential use from Schedule 2A, Columns A and B.
Line 2b - Sales to governmental entities and exempt organizations from Schedule 2B, Columns A and B.
Line 2c - Other exempt sales from Schedule 2C, Columns A and B.
Line 2d - Deductions from Schedule 2D, Columns A and B.
Line 3 - Total lines 2a through 2d.
Line 4 - Subtract line 3 from line 1.

Line 5 - Determine the dollar consideration of petroleum products (other than numbers 2, 4 and 6 heating oil, propane or kerosene for residential use) imported or caused to be imported for consumption within New Jersey on which tax has not been paid. This includes the dollar consideration of fuel oils, aviation fuels and motor fuels. If the dollar consideration of non-taxable imported petroleum products for the quarter is $5,000 or less, enter 0 in Column B. If the dollar consideration is greater than $5,000, enter the total of gallons of fuel oils, aviation fuels and motor fuels in Column A, and the consideration for all other petroleum products in Column B.

Line 6 - Enter the dollar consideration or gallonage of petroleum products, included in line 5, which were subsequently withdrawn for use outside New Jersey.
Line 7 - Subtract line 6 from line 5.

Line 8 - Enter petroleum products consumed or deemed consumed by aircraft from Schedule A.
Line 9 - Add lines 4, 7 and 8, Columns A and B.
Line 11 - Multiply line 9, Column A by the applicable cents per gallon rate in effect for the quarter.

Line 12a - Enter the amount of additional tax due on transactions occurring during a prior period that have subsequently been identified as being taxable. Attach a rider which documents each transaction. Information provided should include date of the transaction, price, location of the transfer of the product, type of product, additional tax due, late payment penalty (5%), and late payment interest (prime rate plus 3%). The total penalty and interest calculated for each transaction should be included in line 14 along with any other penalty and interest. See PENALTY and INTEREST for additional information.

Line 12b - Enter the amount of tax paid to the purchaser where the initial sale of petroleum product occurred during a prior period upon which the receipts from the initial sale had been included in gross receipts. Attach a rider which documents each transaction. Information provided should include the date of initial sale, price, location of the transfer of the product, quantity of product, type of product sold, reason credit was issued, date credit was issued, and amount of credit issued.

Line 13 - Total lines 11 and 12a, minus line 12b.
Line 14 - Add columns A and B from line 13.
Line 15 - Neighborhood Revitalization Tax Credit-Enter the total amount of Neighborhood Revitalization Tax Credit allowed pursuant to Chapter 415, P.L. 2001. The amount on line 15 should not exceed the amount reported on line 14. Attach a copy of the certificate to the return.
Line 16 - Subtract line 15 from line 14.