

ILLINOIS INDEPENDENT
TAX TRIBUNAL

NGL SUPPLY CO. LTD,)
Account ID: 43335756; 43335764)
)
Petitioner,)
)
v.)
)
ILLINOIS DEPARTMENT OF REVENUE,)
)
Respondent.)

RECEIVED
APR 15 2020
20-TT-BY: 201738

PETITION

The Petitioner, NGL Supply Co. Ltd. (“NGL”) hereby petitions the Illinois Independent Tax Tribunal to review and reverse the Notices of Tax Due (“Notices”) issued by the Illinois Department of Revenue (“Department”) for the reasons stated below:

INTRODUCTION

1. Notice ID CNXXXX9X98719521 was issued by the Department on February 26, 2020, assessing tax liability in the amount of \$12,901.64, \$1,290.16 in penalties and \$63.45 in interest for taxable period December 1 – December 31, 2019. The Notice did not include a Taxpayer Statement.
2. Notice ID CNXXX19836137767 was issued by the Department on February 26, 2020 assessing tax liability in the amount of \$9,857.55, \$197.15 in penalties and \$8.08 in interest for taxable period January 1 – January 31, 2020. The Notice included a Taxpayer Statement, Letter ID CNXXX17483411683 with the following outstanding liabilities:

DATE	TAX LIABILITY	PENALTY	INTEREST
31-JUL-19	\$4,537.03	\$553.70	\$117.97
31-AUG-19	\$9,091.16	\$909.11	\$197.82
30 SEPT-19	\$6,394.41	\$639.44	\$111.99
31-OCT-19	\$9,448.52	\$944.85	\$126.62
30-NOV-19	\$9,808.83	\$980.89	\$91.16
31-DEC-19	\$12,901.64	\$1,290.16	\$63.45
31-JAN-20	\$9,857.55	\$197.15	\$8.08

3. Notice ID CNXXX19722333926 was issued by the Department on February 26, 2020 assessing tax liability in the amount of \$445,692.88, \$44,569.29 in penalties and \$2,191.90 in interest for taxable period December 1 – December 31, 2019. The Notice did not include a Taxpayer Statement.

4. Notice ID CNXXX2274X29287 was issued by the Department on February 26, 2020 assessing tax liability in the amount of \$340,533.58, \$6,810.67 in penalties and \$279.12 in interest for taxable period January 1 – January 31, 2020. The Notice included a Taxpayer Statement, Letter ID CNXXX4X61638881 with the following outstanding liabilities:

DATE	TAX LIABILITY	PENALTY	INTEREST
31-JUL-19	\$156,733.66	\$15,773.36	\$4,076.07
31-AUG-19	\$314,058.22	\$31,405.82	\$6,833.83
30-SEPT-19	\$220,897.80	\$22,089.78	\$3,868.59
31-OCT-19	\$326,403.28	\$32,640.33	\$4,374.90
30-NOV-19	\$338,850.56	\$33,885.05	\$3,149.16
31-DEC-19	\$445,692.88	\$44,569.29	\$2,191.90
31-JAN-20	\$340,533.58	\$6,810.67	\$279.12

BACKGROUND AND RELEVANT FACTS

5. During the taxable periods November and December 2019 and January 2020, NGL imported and sold natural gasoline in Illinois.
6. During the subject time period NGL did not hold a valid Illinois motor fuel license.
7. NGL had applied for a motor fuel license with the Department of Revenue on July 22, 2019 and posted a bond in the amount of \$152,000 with that same date. NGL received this license effective February 1, 2020.
8. NGL sold the natural gasoline to its customers under the belief that natural gasoline was not taxable as a motor fuel and therefore not subject to the Illinois motor fuel tax and license requirements.
9. NGL's customer exported the natural gasoline from Illinois for use as a diluent in crude oil in Canada.
10. NGL's customer is licensed under Illinois' motor fuel tax statute as a Distributor.
11. Subsequent to the transactions, NGL received correspondence from the Department indicating that NGL's customer had reported the purchases and that NGL was liable for both Illinois Motor Fuel Tax and Illinois Underground Storage Tank and Environmental Impact Fees.
12. NGL has two (2) related cases pending before the Illinois Independent Tax Tribunal under Docket Nos. 20-TT-10 and 20-TT-23 and is aware of other prior matters regarding other members of the industry with the same fact pattern wherein the Department of Revenue canceled the assessments based on the evidence of the export of the natural gasoline from Illinois.

APPLICABLE LAW

13. ILCS 505/1.1 defines motor fuel as “all volatile and inflammable liquids produced, blended or compounded for the purpose of, or which are suitable or practicable for, operating motor vehicles.”
14. ILCS 505/5 defines gasoline as “[A]ll products commonly or commercially known or sold as gasoline (including casing-head and absorption or natural gasoline). . . .”
15. ILCS 505/6 imposes the collection of motor fuel tax on distributors upon the sale of motor fuel subject to certain exemptions which allow tax-free sales.

ERROR 1

16. The Department erred in concluding that the definition of gasoline in ILCS 505/5 includes natural gasoline.
17. The definition of gasoline includes gasoline that is produced from casing-head gas and absorption or natural gasoline but not casing-head, absorption or natural gasoline itself. (As there is no actual absorption gasoline product we believe that the definition is actually intending to refer to the absorption process of producing gasoline from natural gas.) The key phrase is “[*All*] products commonly or commercially known or sold as gasoline.” Casing-head, absorption and natural gasoline are not “commonly or commercially sold as gasoline.” Rather they are products from which motor vehicle grade gasoline may be derived and in the case of “absorption” it is a process whereby gasoline is made from natural gas using the “absorption” method to produce the gasoline. Therefore, the products and process that are used to make gasoline should not be included in the definition of gasoline and should not be taxed as gasoline.
18. Natural gasoline is comprised of complex chains of hydrocarbons, primarily pentanes and longer. It is within the family of natural gas liquids and is a product of natural gas processing plants and crude oil refineries. It is considered to be a heavy petrochemical feedstock. Commercially, it falls within American Society of Testing and Materials

(“ASTM”) D8011, Standard Specification for Natural Gasoline as a Blendstock in Ethanol Fuel Blends or as a Denaturant for Fuel Ethanol. Natural Gasoline does not fall with the ASTM specification for gasoline which is ASTM D4814. It is therefore not commercially known as gasoline. Natural gasoline is extracted from “wet” gas which is produced simultaneously with crude oil. The wet gas is separated from the oil, collected and delivered to natural gasoline plants. The collection of natural gasoline began to gain importance in the early 1900s with the introduction of automobiles. It can be collected by either compression, oil absorption, charcoal absorption or refrigeration methods. Natural gasoline is a liquid at atmospheric temperature and pressure and is similar to a very low octane motor gasoline.

19. Casing-head gas is a form of natural gas from which gasoline can be derived. It is produced along with crude oil from oil wells and is a “wet” gas. It is not itself a gasoline. Casing-head gasoline is a term for gasoline that is derived from casing-head gas. Casing-head gas contains gasoline vapor. Gasoline is extracted from casing-head gas using compression and condensation methods. This was a sizeable industry as far back as the early 1900s with a report from 1917 stating that in 1915 65,000,000 gallons of gasoline was produced and marketed using these methods.
20. Absorption gasoline is not actually a product in and of itself. Rather the term describes a process used to extract gasoline from natural gas. Consequently, the only product the inclusion of this term in the definition could refer to is motor vehicle gasoline produced from an absorption process. The absorption process uses heavy oil to absorb natural (or refinery) gas which contains the gasoline and then distills the gasoline from the oil. This process is effective in extracting gasoline from “dry” gas. Unlike “wet” gas which is produced with crude oil, “dry” gas is generally obtained from non-oil producing gas wells. The absorption process was first used in the early 1900s.

21. At the time the statute was enacted, gasoline was most commonly produced from casing-head or absorption processes. This is likely the reason why these terms are included in the definition – to ensure that gasoline, however produced, was included in the definition of motor fuel and taxed accordingly. It does not mean that casing-head gas, absorption gasoline or natural gasoline in their pure form prior to being used in the production of gasoline are to be included in the definition (as noted above there is no such product as absorption gas or absorption gasoline; this term describes a method). Given that the only three “products” listed as being included in the definition of gasoline are “casinghead, absorption and natural gasoline,” and given that at least one of these is not a product but a process, the only logical conclusion is that the definition was drafted as such to ensure that all motor vehicle grade gasoline from all sources and processes in use at the time of enactment was specifically included.
22. Despite have similarities to a very low octane gasoline, natural gasoline cannot, without further processing, be used as a fuel in the engine of a motor vehicle. This is clear by it not meeting the ASTM D4814 commercial specification for gasoline. It is commonly used today as a denaturant in fuel grade ethanol and as a diluent for bitumen and tar sands crude oil. Additionally, its characteristics make it an appealing blendstock as it can be blended with other components to produce a finished gasoline but on its own is not suitable for use in a motor vehicle. As such it is not commonly or commercially known as or sold as gasoline. As it is not commonly or commercially sold as a gasoline it could not be intended that this product be included within the definition of gasoline and therefore should not be taxed as gasoline.
23. By contrast, gasoline that is derived from natural gasoline (*i.e.*, gasoline that has been produced through blending natural gasoline with other components) is capable of being used in a motor vehicle engine because its chemical make-up is not entirely the pentanes and heavier hydrocarbons of “pure” natural gasoline. Gasoline that is derived from natural

gasoline would be known commonly and commercially as gasoline and should be taxed accordingly. However, it is a different product from natural gasoline and the distinction should be acknowledged in the taxation of the different products.

ERROR 2

24. Even if natural gasoline is a taxable motor fuel product, the Department erred in imposing tax, penalties and interest on NGL with respect to natural gasoline that was ultimately exported and therefore not subject to taxation; there is no financial harm to the Department as a result of NGL not being licensed and not collecting and remitting the tax.
25. Pursuant to ILCS 505/6 motor fuel sold with delivery at a point outside Illinois is exempt from tax. An Illinois distributor has to make the export sale.
26. NGL's customer is a licensed distributor who either sold or removed for its own account, natural gasoline for delivery outside Illinois. This transaction is allowed to be conducted tax free.
27. As NGL's customer engaged in a transaction that is statutorily tax free, had NGL charged tax when it sold the natural gasoline, its customer would have been entitled to apply for a refund upon the proof of export.
28. As NGL's customer would be entitled to a refund, the Department would not be harmed by not imposing the tax assessment on NGL. NGL was under the reasonable belief – for the reasons as stated in the discussion in paragraphs 16 through 23 – that natural gasoline was not covered by the Illinois motor fuel tax laws and therefore believed that it was able to sell this product tax free and without a license. To the extent that this belief was incorrect, there was never any intent on the part of NGL to deny the Department tax revenue.

CONCLUSION AND RELIEF REQUESTED

29. In conclusion, Petitioner requests that the Illinois Tax Tribunal find that natural gasoline is not a product that is subject to the motor fuel tax or, in the alternative, if it is subject to the motor fuel tax, these specific transactions not be subject to the assessment due to the natural gasoline leaving the state in the next subsequent transaction.

30. Petitioner currently has two other matters pending before the Illinois Independent Tax Tribunal on an identical issue (20-TT-10 and 20-TT-23). Petitioner requests that this petition be consolidated with those pending matters.

WHEREAS, Petitioner requests that the Notices be canceled for the reasons contained herein.

CENTENNIAL ENERGY LLC



By: Oscar L. Garza, one of the Attorneys
Representing Petitioner.

Representatives:

Oscar L. Garza
Oscar L. Garza & Associates, PC
1 Greenway Plaza, Suite 330
Houston, TX 77046
713-572-1996
olgarza@olgarza.com
ARDC No. 6329148

Leanne Sobel
Oscar L. Garza & Associates, P.C.
1 Greenway Plaza, Suite 330
Houston, TX 77046
713-893-1241
lsobel@olgarza.com
ARDC No. 6329208

John J. Morrison
Law Offices of John J Morrison Ltd.
6440 N Central Ave
Chicago, IL 60646
312-641-3484
morrison@taxlawchicago.com
ARDC No. 03122087

As an attorney licensed to practice in Texas, I certify that I have complied with the Illinois Supreme Court procedures for admission to practice *pro hac vice* in Illinois for this matter and a copy of my Bar Admission Card is attached

Oscar L. Garza

A handwritten signature in cursive script, appearing to read "Oscar L. Garza".

As an attorney licensed to practice in New York and the District of Columbia, I certify that I have complied with the Illinois Supreme Court procedures for admission to practice *pro hac vice* in Illinois for this matter and a copy of my Bar Admission Card is attached.

Leanne Sobel

A handwritten signature in cursive script, appearing to read "LSobel".

Your 2020 registration is acknowledged.

Rule 756(c) requires that you notify us of any change of address within 30 days. You can submit a change online by going to www.iardc.org and choosing "Register Online" under Lawyer Registration. Appropriate instructions will be provided. Alternatively, you may use the change of address form on the back of this sheet to submit a change by mail.

Oscar L. Garza
Oscar L. Garza & Associates, P.C.
1 Greenway Plaza, Suite 330
Houston, TX 77046

1399

Please sign your 2020 Attorney Registration Card, and notify either ARDC office if the card is lost or stolen.

One Prudential Plaza
130 East Randolph Dr., Ste. 1500
Chicago, IL 60601
(800) 826-8625 Phone
(312) 565-2600 Phone
(312) 565-0997 Fax

3161 West White Oaks
Drive, Suite 301
Springfield, IL 62704
(800) 252-8048 Phone
(217) 546-3523 Phone
(217) 546-3785 Fax

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the

2020 SUPREME COURT OF ILLINOIS **2020**
REGISTRATION NO STATUS ADMITTED

6329148 Active - Limited Scope
Oscar L. Garza

INACTIVE ATTORNEYS ARE NOT ENTITLED TO PRACTICE LAW

ATTORNEY SIGNATURE

Your 2020 registration is acknowledged.

Rule 756(c) requires that you notify us of any change of address within 30 days. You can submit a change online by going to www.iardc.org and choosing "Register Online" under Lawyer Registration. Appropriate instructions will be provided. Alternatively, you may use the change of address form on the back of this sheet to submit a change by mail.

Leanne Sobel
Oscar L. Garza & Associates, P.C.
1 Greenway Plaza, Suite 330
Houston, TX 77046

993

One Prudential Plaza
130 East Randolph Dr., Ste. 1500
Chicago, IL 60601
(800) 826-8625 Phone
(312) 565-2600 Phone
(312) 565-0997 Fax

3161 West White Oaks
Drive, Suite 301
Springfield, IL 62704
(800) 252-8048 Phone
(217) 546-3523 Phone
(217) 546-3785 Fax

ATTORNEY REGISTRATION AND DISCIPLINARY COMMISSION
of the

2020 SUPREME COURT OF ILLINOIS **2020**
REGISTRATION NO STATUS ADMITTED

6329208 Active - Limited Scope
Leanne Sobel

INACTIVE ATTORNEYS ARE NOT ENTITLED TO PRACTICE LAW

ATTORNEY SIGNATURE

Please sign your 2020 Attorney Registration Card, and notify either ARDC office if the card is lost or stolen.

Notice of Tax Liability



#BWNKMGV
#CNXX XX9X 9871 9521#
NGL SUPPLY COMPANY LIMITED
201 FRONT ST N STE 305
SARNIA ON N7T 7T9
CANADA

February 26, 2020



Letter ID: CNXXXXX9X98719521

Account ID: 43335764
License No: R-41023
Reporting period: December 2019

We have processed your Motor Fuel Tax - Receiver return for the December 2019 reporting period.

If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment.

If you do not agree, you may contest this notice by following the instructions on the protest rights page.

If you do not protest this notice or pay the assessment in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action

Note: If you are under bankruptcy protection, see the "Bankruptcy Information" section on the following pages of this notice for additional information and instructions.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
MF - Return Adjustment	12,901.64	0.00	12,901.64
Late-Payment Penalty	1,290.16	0.00	1,290.16
Interest	63.45	0.00	63.45
Assessment Total	\$14,255.25	\$0.00	\$14,255.25

For questions, visit our web site at tax.illinois.gov or call us weekdays between 8:00 a.m. and 4:00 p.m. at 217 782-2291.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by a filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.

The full text of the Taxpayers' Bill of Rights is contained in the Illinois Compiled Statutes, 20 ILCS 2520/1, *et seq.*

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy case number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns. For those under bankruptcy protection this notice is not an attempt to collect tax debt. Illinois law requires issuance of this notice to advise you of an amount due or a missing return that must be filed.

Explanation of Penalties and Fees

For more detailed information, see Publication 103, Penalties and Interest for Illinois taxes.

Are penalties ever abated?

If you were unable to either timely pay the required amount of payments, pay the tax you owe by the due date, or file your tax return by the extended due date because of a casualty, disaster, or other similar circumstance, you may request a waiver of penalties due to reasonable cause. A bad check or negligence penalty may also be waived due to reasonable cause. To request this waiver, send us a detailed explanation of the cause of the delay and any documentation you have to support your request. Reasonable cause will be determined on a case-by-case basis according to our rules and regulations. A fraud penalty or cost of collection fee cannot be waived.

How is interest figured?

Interest is calculated on your tax from the day after the original due date of your return through the date you pay the tax. Interest cannot be waived.

Late-filing or Nonfiling penalty - You owe this penalty if you do not file a return by the due date, including any extended due date, or you file a return that is not processable and you do not correct it within 30 days of the date we notify you.

Late-payment penalty for underpayment of estimated or accelerated tax due - You owe this penalty if you were required to make estimated or accelerated tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.

Late-payment penalty for regular tax payments - You owe this penalty if you did not pay the tax you owed by the due date of the payment or the original due date of the return.

Cost of collection fee - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.

Bad check penalty - You owe this penalty if you send a remittance to the Department that is not honored by your financial institution.

Negligence penalty - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.

Fraud penalty - You owe this penalty if any part of a deficiency is due to fraud.

Audit penalty - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

Failure to disclose participation in a reportable transaction penalty - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.

Reportable transaction understatement penalty - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.

100 percent interest penalty - You owe this penalty if you

- were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax avoidance shelter transaction for a taxable year;
- are later found to have a deficiency in that taxable year that is the result of a tax avoidance transaction; and
- did not report or pay that liability before we issued a Notice of Deficiency.

Protest Rights

If you do not agree, you may protest this notice by following the instructions listed below.

If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).

In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is April 27, 2020. Your request must be in writing, clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. You may not protest any amount of tax that you agreed was due when you filed your return; you may protest penalty, disallowed discount, and interest. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.

Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

Notice of Tax Liability



#BWNKMGV
#CNXX X198 3613 7767#
NGL SUPPLY COMPANY LIMITED
201 FRONT ST N STE 305
SARNIA ON N7T 7T9
CANADA

February 26, 2020



Letter ID: CNXXX19836137767

Account ID: 43335764
License No: R-41023
Reporting period: January 2020

We have processed your Motor Fuel Tax - Receiver return for the January 2020 reporting period.
If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment.

If you do not agree, you may contest this notice by following the instructions on the protest rights page.

If you do not protest this notice or pay the assessment in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action

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	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
MF - Return Adjustment	9,857.55	0.00	9,857.55
Late-Payment Penalty	197.15	0.00	197.15
Interest	8.08	0.00	8.08
Assessment Total	\$10,062.78	\$0.00	\$10,062.78

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Negligence penalty - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.

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Audit penalty - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

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100 percent interest penalty - You owe this penalty if you

- were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax avoidance shelter transaction for a taxable year;
- are later found to have a deficiency in that taxable year that is the result of a tax avoidance transaction; and
- did not report or pay that liability before we issued a Notice of Deficiency.

Protest Rights

If you do not agree, you may protest this notice by following the instructions listed below.

If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, et seq.).

In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is April 27, 2020. Your request must be in writing, clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. You may not protest any amount of tax that you agreed was due when you filed your return; you may protest penalty, disallowed discount, and interest. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.

Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

Taxpayer Statement



217 782-6046

#BWNKMGV
#CNXX X174 8341 1683#
NGL SUPPLY COMPANY LIMITED
201 FRONT ST N STE 305
SARNIA ON N7T 7T9
CANADA

February 26, 2020



Letter ID: CNXXX17483411683

License No: R-41023

Account ID: 43335764

This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed.

Motor Fuel Tax - Receiver

License No: R-41023

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
31-Jul-2019	4,537.03	553.70	117.97	-	-	Not Included*
31-Aug-2019	9,091.16	909.11	197.82	-	-	Not Included*
30-Sep-2019	6,394.41	639.44	111.99	-	-	Not Included*
31-Oct-2019	9,448.52	944.85	126.62	-	-	Not Included*

* File and pay this return.

* This liability is under protest and is not reflected in the balance.

* This period is in Tax Tribunal.

P-000006

SOA

Statement continues on the following page(s).

If necessary, respond to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19004
SPRINGFIELD IL 62794-9004

Taxpayer Statement

February 26, 2020

Motor Fuel Tax - Receiver**License No: R-41023**

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
30-Nov-2019	9,808.83	980.89	91.16	-	-	10,880.88
31-Dec-2019	12,901.64	1,290.16	63.45	-	-	14,255.25
31-Jan-2020	9,857.55	197.15	8.08	-	-	10,062.78

Notice of Tax Liability



#BWNKMGV
#CNXX X197 2233 3926#
NGL SUPPLY COMPANY LIMITED
201 FRONT ST N STE 305
SARNIA ON N7T 7T9
CANADA

February 26, 2020



Letter ID: CNXXX19722333926

Account ID: 43335756
License No: D-41023
Reporting period: December 2019

We have processed your Motor Fuel Tax - Distributor return for the December 2019 reporting period.
If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment.

If you do not agree, you may contest this notice by following the instructions on the protest rights page.

If you do not protest this notice or pay the assessment in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action

Note: If you are under bankruptcy protection, see the "Bankruptcy Information" section on the following pages of this notice for additional information and instructions.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
MF - Return Adjustment	445,692.88	0.00	445,692.88
Late-Payment Penalty	44,569.29	0.00	44,569.29
Interest	2,191.90	0.00	2,191.90
Assessment Total	\$492,454.07	\$0.00	\$492,454.07

For questions, visit our web site at tax.illinois.gov or call us weekdays between 8:00 a.m. and 4:00 p.m. at 217 782-2291.

Taxpayer Bill of Rights

- You have the right to call the Department of Revenue for help in resolving tax problems.
- You have the right to privacy and confidentiality under most tax laws.
- You have the right to respond, within specified time periods, to Department notices by asking questions, paying the amount due, or providing proof to refute the Department's findings.
- You have the right to appeal Department decisions, in many instances, within specified time periods, by asking for Department review, by a filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.
- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.

The full text of the Taxpayers' Bill of Rights is contained in the Illinois Compiled Statutes, 20 ILCS 2520/1, *et seq.*

Bankruptcy Information

If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy case number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns. For those under bankruptcy protection this notice is not an attempt to collect tax debt. Illinois law requires issuance of this notice to advise you of an amount due or a missing return that must be filed.

Explanation of Penalties and Fees

For more detailed information, see Publication 103, Penalties and Interest for Illinois taxes.

Are penalties ever abated?

If you were unable to either timely pay the required amount of payments, pay the tax you owe by the due date, or file your tax return by the extended due date because of a casualty, disaster, or other similar circumstance, you may request a waiver of penalties due to reasonable cause. A bad check or negligence penalty may also be waived due to reasonable cause. To request this waiver, send us a detailed explanation of the cause of the delay and any documentation you have to support your request. Reasonable cause will be determined on a case-by-case basis according to our rules and regulations. A fraud penalty or cost of collection fee cannot be waived.

How is interest figured?

Interest is calculated on your tax from the day after the original due date of your return through the date you pay the tax. Interest cannot be waived.

Late-filing or Nonfiling penalty - You owe this penalty if you do not file a return by the due date, including any extended due date, or you file a return that is not processable and you do not correct it within 30 days of the date we notify you.

Late-payment penalty for underpayment of estimated or accelerated tax due - You owe this penalty if you were required to make estimated or accelerated tax payments and failed to do so, or if you failed to pay the required amount by the payment due date.

Late-payment penalty for regular tax payments - You owe this penalty if you did not pay the tax you owed by the due date of the payment or the original due date of the return.

Cost of collection fee - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.

Bad check penalty - You owe this penalty if you send a remittance to the Department that is not honored by your financial institution.

Negligence penalty - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.

Fraud penalty - You owe this penalty if any part of a deficiency is due to fraud.

Audit penalty - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

Failure to disclose participation in a reportable transaction penalty - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.

Reportable transaction understatement penalty - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.

100 percent interest penalty - You owe this penalty if you

- were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax avoidance shelter transaction for a taxable year;
- are later found to have a deficiency in that taxable year that is the result of a tax avoidance transaction; and
- did not report or pay that liability before we issued a Notice of Deficiency.

Protest Rights

If you do not agree, you may protest this notice by following the instructions listed below.

If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within **60 days** of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).

In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is **April 27, 2020**. Your request must be in writing, clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. You may not protest any amount of tax that you agreed was due when you filed your return; you may protest penalty, disallowed discount, and interest. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.

Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

Notice of Tax Liability



#BWNKMGV
#CNXX XX22 74X2 9287#
NGL SUPPLY COMPANY LIMITED
201 FRONT ST N STE 305
SARNIA ON N7T 7T9
CANADA

February 26, 2020



Letter ID: CNXXXX2274X29287

Account ID: 43335756
License No: D-41023
Reporting period: January 2020

We have processed your Motor Fuel Tax - Distributor return for the January 2020 reporting period.

If you agree, please use the voucher on the enclosed Taxpayer Statement to make your payment.

If you do not agree, you may contest this notice by following the instructions on the protest rights page.

If you do not protest this notice or pay the assessment in full, we may take collection action against you for the balance due, which may include levy of your wages and bank accounts, filing of a tax lien, or other action

Note: If you are under bankruptcy protection, see the "Bankruptcy Information" section on the following pages of this notice for additional information and instructions.

	<u>Liability</u>	<u>Payments/Credit</u>	<u>Unpaid Balance</u>
MF - Return Adjustment	340,533.58	0.00	340,533.58
Late-Payment Penalty	6,810.67	0.00	6,810.67
Interest	279.12	0.00	279.12
Assessment Total	\$347,623.37	\$0.00	\$347,623.37

For questions, visit our web site at tax.illinois.gov or call us weekdays between 8:00 a.m. and 4:00 p.m. at 217 782-2291.

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- If you have overpaid your taxes, you have the right, within specified time periods, to file for a credit (or, in some cases, a refund) of that overpayment.

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If you are currently under the protection of the Federal Bankruptcy Court, contact us and provide the bankruptcy case number and the bankruptcy court. The bankruptcy automatic stay does not change the fact that you are required to file tax returns. For those under bankruptcy protection this notice is not an attempt to collect tax debt. Illinois law requires issuance of this notice to advise you of an amount due or a missing return that must be filed.

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Cost of collection fee - You owe this fee if you do not pay the total amount you owe within 30 days after a bill has been issued.

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Negligence penalty - You owe this penalty if, in preparing a return or amended return, you do not make a reasonable attempt to comply with the provisions of any tax act, including showing careless, reckless, or intentional disregard for the law or regulations.

Fraud penalty - You owe this penalty if any part of a deficiency is due to fraud.

Audit penalty - You owe this penalty if you did not pay the tax you owed before the start of an audit or investigation.

Failure to disclose participation in a reportable transaction penalty - You owe this penalty if you were required to disclose your participation in an abusive tax shelter transaction and did not do so by the required due date.

Reportable transaction understatement penalty - You owe this penalty if you do not report and pay the full amount of your tax liability as the result of participating in an abusive tax shelter transaction.

100 percent interest penalty - You owe this penalty if you

- were contacted by the Internal Revenue Service or Illinois Department of Revenue regarding the use of a potentially abusive tax avoidance shelter transaction for a taxable year;
- are later found to have a deficiency in that taxable year that is the result of a tax avoidance transaction; and
- did not report or pay that liability before we issued a Notice of Deficiency.

Protest Rights

If you do not agree, you may protest this notice by following the instructions listed below.

If the amount of this tax liability, exclusive of penalty and interest, is more than \$15,000, or if no tax liability is assessed but the total penalties and interest is more than \$15,000, file a petition with the Illinois Independent Tax Tribunal within 60 days of this notice. Your petition must be in accordance with the rules of practice and procedure provided by the Tribunal (35 ILCS 1010/1-1, *et seq.*).

In all other cases that do not fall within the jurisdiction of the Illinois Independent Tax Tribunal, file a protest with us, the Illinois Department of Revenue, and request an administrative hearing within 60 days of the date of this notice, which is April 27, 2020. Your request must be in writing, clearly indicate that you want to protest, and explain in detail why you do not agree with our actions. You may not protest any amount of tax that you agreed was due when you filed your return; you may protest penalty, disallowed discount, and interest. If you do not file a protest within the time allowed, you will waive your right to a hearing, and this liability will become final. An administrative hearing is a formal legal proceeding conducted pursuant to rules adopted by the Department and is presided over by an administrative law judge. A protest of this notice does not preserve your rights under any other notice.

Instead of filing a petition with the Illinois Independent Tax Tribunal or a protest with us, the Illinois Department of Revenue, you may, under Sections 2a and 2a.1 of the State Officers and Employees Money Disposition Act (30 ILCS 230/2a, 230/2a.1), pay the total liability under protest using Form RR-374, Notice of Payment Under Protest (available on our website at tax.illinois.gov), and file a complaint with the circuit court for a review of our determination.

Taxpayer Statement



217 782-6045

#BWNKMGV
#CNXX XX4X 6163 8881#
NGL SUPPLY COMPANY LIMITED
201 FRONT ST N STE 305
SARNIA ON N7T 7T9
CANADA

February 26, 2020



Letter ID: CNXXXX4X61638881

License No: D-41023
Account ID: 43335756

This statement lists our most recent information about your unpaid balance, available credits, or returns you have not filed.

Motor Fuel Tax - Distributor

License No: D-41023

Period	Tax	Penalty	Interest	Other	Payments/Credits	Balance
31-Jul-2019	156,733.66	15,773.36	4,076.07	-	-	Not Included*
31-Aug-2019	314,058.22	31,405.82	6,833.83	-	-	Not Included*
30-Sep-2019	220,897.80	22,089.78	3,868.59	-	-	Not Included*
31-Oct-2019	326,403.28	32,640.33	4,374.90	-	-	Not Included*

* This liability is under protest and is not reflected in the balance.

* This period is in Tax Tribunal.

* File and pay this return.

P-000011

SOA

Statement continues on the following page(s).

If necessary, respond to:
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19004
SPRINGFIELD IL 62794-9004