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Almost every form and publication also has its own page on IRS.gov. For example, the Form 1040 page is at [IRS.gov/Form1040](https://www.irs.gov/Form1040); the Publication 17 page is at [IRS.gov/Pub17](https://www.irs.gov/Pub17); the Form W-4 page is at [IRS.gov/W4](https://www.irs.gov/W4); and the Schedule A (Form 1040) page is at [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA). If typing in a link above instead of clicking on it, be sure to type the link into the address bar of your browser, not in a Search box. Note that these are friendly shortcut links that will automatically go to the actual link for the page.

If you wish, you can submit comments about draft or final forms, instructions, or publications at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). We cannot respond to all comments due to the high volume we receive. Please note that we may not be able to consider many suggestions until the subsequent revision of the product.

# Instructions for Form 720

(Rev. January 2018)

## Quarterly Federal Excise Tax Return



Department of the Treasury  
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 720, and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form720](http://IRS.gov/Form720).

### What's New

**Butane mixture doesn't qualify for a credit.** A mixture of butane (or other gasoline blendstock) and gasoline is a mixture of two taxable fuels. Therefore, it isn't an alternative fuel mixture and doesn't qualify for the section 6426 alternative fuel mixture credit. See Revenue Ruling 2018-02 [IRS.gov/IRB/2006-92\\_IRB#RR2018-02](http://IRS.gov/IRB/2006-92_IRB#RR2018-02).

**Extension of oil spill liability tax.** For 2018, effective March 1, 2018, the section 4611 tax on crude oil received (domestic petroleum oil spill tax), or petroleum products entered (imported petroleum oil spill tax) is extended.

**Transportation of persons by air (IRS No. 26).** For calendar year 2018, the tax on the amount paid for each domestic segment of taxable transportation is increased to \$4.10.

**Use of international air travel facilities (IRS No. 27).** For calendar year 2018, the tax on the amount paid for international flights is increased to \$18.30 per person for flights that begin or end in the United States. The tax is increased to \$9.10 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures). See Air Transportation Taxes, later.

**Exemption for amounts paid for aircraft management services.** Effective December 23, 2017, certain payments related to the management of private aircraft are exempt from the excise taxes imposed on taxable transportation by air. See Pub. 510 for more information.

**Suspension of section 4191 medical device tax (formerly IRS No. 136).** The medical device tax continues to be suspended through December 31, 2019.

**Arrow shafts (IRS No. 106).** For calendar year 2018, the tax on arrow shafts is increased to \$0.51 per arrow shaft.

**Expiration of credits.** The section 6426 credits shown on Schedule C, for biodiesel or renewable diesel mixtures (line 12), and alternative fuels and alternative fuel mixtures (line 13), expired on December 31, 2017. Don't claim the credits for fuel sold or used after December 31, 2017.

### Reminders

**Reducing your excise tax liability.** For federal income tax purposes, reduce your section 4081 excise tax liability by the amount of excise tax credit allowable under section 6426(c) and your section 4041 excise tax liability by the amount of your excise tax credit allowable under section 6426(d), in determining your deduction for those excise taxes or your cost of goods sold deduction attributable to those excise taxes.

**Exported gasoline blendstocks.** Claims for exported gasoline blendstocks taxed at \$.001 per gallon are made on Schedule C, line 14b. Continue to use line 1b to make claims for exported gasoline blendstocks taxed at \$.184 per gallon.

**Electronic filing.** You can electronically file Form 720 through any electronic return originator (ERO), transmitter, and/or intermediate service provider (ISP) participating in the IRS e-file program for excise taxes. For more information on e-file, visit the IRS website at [IRS.gov/eFILE](http://IRS.gov/eFILE).

**Federal tax deposits made by electronic funds transfer.** Generally, you must use electronic funds transfer to make federal tax deposits, such as deposits of employment tax, excise tax (for exceptions, see *Payment of Taxes*, later), and corporate income tax. Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you don't want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make deposits on your behalf. EFTPS is a free service provided by the Department of Treasury.

To get more information about EFTPS or to enroll in EFTPS, visit [www.eftps.gov](http://www.eftps.gov) or call 1-800-555-4477. See Pub. 966.

## General Instructions

### Purpose of Form

Use Form 720 and attachments to report your liability by IRS No. and pay the excise taxes listed on the form. If you report a liability on Part I or Part II, you may be eligible to use Schedule C to claim a credit.

### Who Must File



See Patient-centered outcomes research fee (IRS No. 133) in Part II for special rules about who must file to report the patient-centered outcomes research fee.

You must file Form 720 if:

- You were liable for, or responsible for collecting, any of the federal excise taxes listed on Form 720, Parts I and II, for a prior quarter and you haven't filed a final return; or
- You are liable for, or responsible for collecting, any of the federal excise taxes listed on Form 720, Parts I and II, for the current quarter.

See *How To File*, later, for more information.

### When To File

You must file a return for each quarter of the calendar year as follows.

Quarter covered	Due by
Jan., Feb., Mar.	April 30
Apr., May, June	July 31
July, Aug., Sept.	October 31
Oct., Nov., Dec.	January 31

If any due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

Send your return to the IRS using the U.S. Postal Service or a designated private delivery service to meet the “timely mailing as timely filing/paying” rule. See *Private Delivery Services*, later.

**Floor stocks tax.** Report the floor stocks tax on ozone-depleting chemicals (ODCs), IRS No. 20, on the return due by July 31 of each year. The tax payment is due by June 30. See *Floor Stocks Tax*, later.

## Where To File

Send Form 720 to:

Department of the Treasury  
Internal Revenue Service  
Cincinnati, OH 45999-0009

## How To File

If you aren't reporting a tax that you normally report, enter a zero on the appropriate line on Form 720, Part I or II. Also, if you have no tax to report, write “None” on Form 720, Part III, line 3; sign and date the return. If you file the second quarter Form 720 only to report the patient-centered outcomes research fee, no filing is required in other quarters unless you have to report other fees or taxes.

If you have adjustments to liabilities reported for prior quarters, see Form 720X, Amended Quarterly Federal Excise Tax Return. Don't enter adjustments on Form 720.

If you attach additional sheets, write your name and EIN on each sheet.

## Final Return

File a final return if you have been filing Form 720 and you:

1. Go out of business, or
2. Won't owe excise taxes that are reportable on Form 720 in future quarters.



*If you are only filing to report zero tax and you won't owe excise tax in future quarters, check the final return box above Part I of Form 720.*

## Recordkeeping

Keep copies of your tax return, records, and accounts of all transactions to show that the correct tax has been paid. Keep records to support all claims and all exemptions at least 4 years from the latest of the date:

- The tax became due,
- You paid the tax, or
- You filed a claim.

## Penalties and Interest

If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will

determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

**Trust fund recovery penalty.** If communications, air transportation, and indoor tanning services taxes are collected but not paid to the United States Treasury or are willfully not collected, the trust fund recovery penalty may apply. The penalty is the full amount of the unpaid tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to be responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so.

A responsible person can be an officer or employee of a corporation, a partner or employee of a partnership, an employee of a sole proprietorship, an accountant, or a volunteer director/trustee. A responsible person also may include one who signs checks for the business or otherwise has authority to cause the spending of business funds.

Willfully means voluntarily, consciously, and intentionally. A responsible person acts willfully if he or she knows the required actions aren't taking place.

## Additional Information

You may find the following products helpful when preparing Form 720 and any attachments.

- Pub. 510, Excise Taxes, contains definitions and examples that will help you prepare Form 720. Pub. 510 also contains information on fuel tax credits and refunds.
- Pub. 509, Tax Calendars, has deposit and payment due dates for federal excise taxes listed in this publication.
- Notice 2005-4 (fuel tax guidance), see 2005-2 I.R.B. 289, at [IRS.gov/IRB/2005-02\\_IRB#NOT2005-4](https://www.irs.gov/IRB/2005-02_IRB#NOT2005-4).
- Notice 2005-24 (sales of gasoline on oil company credit cards), 2005-12 I.R.B. 757, at [IRS.gov/IRB/2005-12\\_IRB#NOT2005-24](https://www.irs.gov/IRB/2005-12_IRB#NOT2005-24).
- Notice 2005-62 (biodiesel and aviation-grade kerosene), 2005-35 I.R.B. 443, at [IRS.gov/IRB/2005-35\\_IRB#NOT2005-62](https://www.irs.gov/IRB/2005-35_IRB#NOT2005-62).
- Notice 2005-80 (LUST, kerosene, claims by credit card issuers, and mechanical dye injection), 2005-46 I.R.B. 953, at [IRS.gov/IRB/2005-46\\_IRB#NOT2005-80](https://www.irs.gov/IRB/2005-46_IRB#NOT2005-80).
- Notice 2006-92 (alternative fuels and alternative fuel mixtures), on page 774 of 2006-43 I.R.B. 774, at [IRS.gov/IRB/2006-43\\_IRB#NOT2006-92](https://www.irs.gov/IRB/2006-43_IRB#NOT2006-92).
- Notice 2007-97 (alternative fuel and alternative fuel mixtures defined), 2007-49 I.R.B. 1092, at [IRS.gov/IRB/2007-49\\_IRB#NOT2007-97](https://www.irs.gov/IRB/2007-49_IRB#NOT2007-97).
- Notice 2008-110 (biodiesel and cellulosic biofuel), 2008-51 I.R.B. 1298, at [IRS.gov/IRB/2008-51\\_IRB#NOT2008-110](https://www.irs.gov/IRB/2008-51_IRB#NOT2008-110).
- Notice 2010-68 (Alaska dyed diesel exemption), 2010-44 I.R.B. 576, at [IRS.gov/IRB/2010-44\\_IRB#NOT2010-68](https://www.irs.gov/IRB/2010-44_IRB#NOT2010-68).
- Notice 2012-27 (fractional aircraft ownership programs fuel surtax), 2012-17 I.R.B. 849, at [IRS.gov/IRB/2012-17\\_IRB#NOT2012-27](https://www.irs.gov/IRB/2012-17_IRB#NOT2012-27).
- Treasury Decision (T.D.) 9670 (tanning tax disregarded entity), 2014-29 I.R.B. 121, at [IRS.gov/IRB/2014-29\\_IRB#TD9670](https://www.irs.gov/IRB/2014-29_IRB#TD9670).
- Notice 2016-64 (patient-centered outcomes research fee for years ending on or after October 1, 2016), 2016-64 I.R.B. 674, at [IRS.gov/IRB/2016-64\\_IRB#NOT2016-64](https://www.irs.gov/IRB/2016-64_IRB#NOT2016-64).
- T.D. 9621 (indoor tanning services tax), 2013-28 I.R.B. 49, at [IRS.gov/IRB/2013-28\\_IRB#TD9621](https://www.irs.gov/IRB/2013-28_IRB#TD9621).
- Rev. Proc. 2017-58 (inflation adjustments), at [IRS.gov/IRB/2016-45\\_IRB#RP2017-58](https://www.irs.gov/IRB/2016-45_IRB#RP2017-58).

- Rev. Rul. 2016-03 (foreign reinsurance), 2016-3 I.R.B. 282, at [IRS.gov/IRB/2016-03\\_IRB#RR2016-03](https://www.irs.gov/IRB/2016-03_IRB#RR2016-03).
- Rev. Rul. 2018-02 (Butane mixed with gasoline doesn't qualify Alternative Fuel Credit) at [IRS.gov/IRB/2006-92\\_IRB#RR2018-02](https://www.irs.gov/IRB/2006-92_IRB#RR2018-02).

You also may call the Business and Specialty Tax line at 1-800-829-4933 with your excise tax questions. The hours of operation are Monday–Friday, 7:00 a.m. to 7:00 p.m. local time.

## Private Delivery Services

You can use the following private delivery services designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments.

- DHL Express 9:00, DHL Express 10:30, DHL Express 12:00, DHL Express Worldwide, DHL Express Envelope, DHL Import Express 10:30, DHL Import Express 12:00, and DHL Import Express Worldwide.
- Federal Express (FedEx): FedEx First Overnight, FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2 Day, FedEx International Next Flight Out, FedEx International Priority, FedEx International First, and FedEx International Economy.
- United Parcel Service (UPS): UPS Next Day Air Early AM, UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

For the IRS mailing address to use if you are using a private delivery service, go to [IRS.gov](https://www.irs.gov) and enter “private delivery service” in the search box.



*Private delivery services can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.*

## Photographs of Missing Children

The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.nccmec.org/). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and contacting 1-800-THE-LOST (1-800-843-5678) or [www.missingkids.com/home.html](https://www.missingkids.com/home.html) if you recognize a child.

## Specific Instructions

### Name and Address

Type your name, address, and the quarter ending date (month and year). If your address changes, check the address change box above Form 720, Part I.

**P.O. box.** If the post office doesn't deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

**Foreign address.** Follow the country's practice for entering the postal code. Don't abbreviate the country name.

### Employer Identification Number (EIN)

Enter the correct EIN. If you are a one-time filer, you may not need an EIN. See *Gas guzzler tax (IRS No. 40)*, later. If you don't have an EIN, you may apply for one online. Go to the IRS website at [IRS.gov/Businesses/Small](https://www.irs.gov/Businesses/Small) and click on the

“Employer ID Numbers (EINs)” link. You also may apply for an EIN by faxing or mailing Form SS-4, Application for Employer Identification Number, to the IRS.

**Disregarded entities and qualified subchapter S subsidiaries.** Qualified subchapter S subsidiaries (QSubs) and eligible single-owner disregarded entities are treated as separate entities for excise tax and reporting purposes. QSubs and eligible single-owner disregarded entities must pay and report excise taxes (other than IRS Nos. 31, 51, and 117), register for most excise tax activities, and claim any refunds, credits, and payments under the EIN. These actions can't take place under the owner's taxpayer identification number (TIN). Some QSubs and disregarded entities may already have an EIN. However, if you are unsure, please call the IRS Business and Specialty Tax line at 1-800-829-4933.

Generally, QSubs and eligible single-owner disregarded entities will continue to be treated as disregarded entities for other federal tax purposes (other than employment taxes). Thus, taxpayers filing Form 4136, with Form 1040, Individual Income Tax Return, can use the owner's TIN. For more information, see Regulations section 301.7701-2(c)(2)(v).

### Signature

Form 720 must be signed by a person authorized by the entity to sign this return.

### Third Party Designee

If you want to allow an employee of your business, a return preparer, or other third party to discuss your Form 720 with the IRS, check the “Yes” box on Form 720 under *Third Party Designee*. Also, enter the designee's name, phone number, and any five digits that person chooses as his or her personal identification number (PIN).

By checking the “Yes” box, you are authorizing the IRS to speak with the designee to answer any questions relating to the processing of, or the information reported on, Form 720. You also are authorizing the designee to:

- Exchange information concerning Form 720 with the IRS, and
- Respond to certain IRS notices that you have shared with your designee relating to Form 720. The IRS won't send notices to your designee.

You aren't authorizing the designee to receive any refund check, bind you to anything (including additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee's authority, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your Form 720. If you or your designee want to revoke this authorization, send a written statement of revocation to:

Department of the Treasury  
Internal Revenue Service  
Cincinnati, OH 45999

See Pub. 947 for more information.

### Paid Preparer Use Only

A paid preparer must sign Form 720 and provide the information in the *Paid Preparer Use Only* section at the end of the form if the preparer was paid to prepare the form and isn't an employee of the filing entity. The preparer must give you a copy of the form in addition to the copy to be filed with

the IRS. If you are a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, you also must enter the firm's name and the EIN of the firm. However, you can't use the PTIN of the tax preparation firm in place of your PTIN. You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. For more information about applying for a PTIN online, visit the IRS website at [IRS.gov/PTIN](https://www.irs.gov/PTIN).

## Part I

### Environmental Taxes

Use Form 6627, Environmental Taxes, to figure the environmental taxes on:

- Oil spill liability, IRS Nos. 18 and 21;
- Ozone-depleting chemicals (ODCs), IRS No. 98;
- Imported products that used ODCs as materials in the manufacture or production of the product, IRS No. 19; and
- The floor stocks tax on ODCs, IRS No. 20 (reported on Form 720, Part II).

Attach Form 6627 to Form 720. The tax rates for these taxes are shown on Form 6627.

### Communications Taxes

#### Communications Services (IRS No. 22)

The tax is 3% of amounts paid for local telephone service and teletypewriter exchange service.

#### Who Must File

The person receiving the payment for communications services must collect and submit the tax and file the return. Enter the amount of tax collected or considered collected for the quarter.

#### Credits or Refunds

If tax is collected and paid over for nontaxable services from the communications tax, the collector or taxpayer may request a credit or refund as described below and in Notices 2006-50 and 2007-11.

**Collectors.** The collector may request a credit or refund only if it has repaid the tax to the person from whom the tax was collected, or obtained the consent of that person to the allowance of the credit or refund. These requirements also apply to nontaxable service refunds.

##### **Collectors using the regular method for deposits.**

Collectors using the regular method for deposits must use Form 720X to request a credit or refund.

##### **Collectors using the alternative method for deposits.**

Collectors using the alternative method for deposits must adjust their separate accounts for the credit or refund. For more information, see *Alternative method* (IRS Nos. 22, 26, 27, and 28), later.

### Air Transportation Taxes

#### Transportation of Persons by Air (IRS No. 26)

The taxes on transportation of persons by air are the percentage tax and the domestic segment tax. Add the percentage tax and the domestic segment tax to get the total tax on transportation of persons by air.

**Note.** The percentage and domestic segment taxes don't apply on a flight if the surtax on fuel used in a fractional ownership program aircraft is imposed. For more information, see *Surtax on any liquid used in a fractional ownership program aircraft as fuel* (IRS No. 13), later.

#### Who Must File

The person receiving the payment for air transportation services must do all of the following.

- Collect the tax.
- Submit the tax.
- File Form 720 to report the amount of the tax collected, or considered collected, for the quarter.

**Exemption for amounts paid for aircraft management services.** Effective December 23, 2017, certain payments related to the management of private aircraft are exempt from the excise taxes imposed on taxable transportation by air. See Pub 510.

**Percentage tax.** The percentage tax is 7.5% of amounts paid for taxable transportation of persons by air.

**Domestic segment tax.** For calendar year 2018, the tax on the amount paid for each domestic segment of taxable transportation is increased to \$4.20.

**Example.** In January 2018, Frank Jones pays \$266.40 to a commercial airline for a flight in January from Washington to Chicago with a stopover in Cleveland. The flight has two segments. The price includes the \$240 fare and \$26.40 excise tax [ $(\$240 \times 7.5\%) + (2 \times \$4.20)$ ] for which Frank is liable. The airline collects the tax from Frank and submits it to the government.

**Charter flights.** If an aircraft is chartered, and the flight isn't one where the tax on fuel used in a fractional ownership program aircraft is imposed, the domestic segment tax for each segment of taxable transportation is figured by multiplying the tax by the number of passengers transported on the aircraft.

**Example.** In March 2018, Tim Clark pays \$1,133.80 to an air charter service to carry seven employees from Washington to Detroit with a stopover in Pittsburgh. The flight has two segments. The price includes the \$1,000 charter payment and \$133.80 excise tax [ $(\$1,000 \times 7.5\%) + (2 \times \$4.20 \times 7 \text{ passengers})$ ] for which Tim is liable. The charter service collects the tax from Tim and submits it to the government.

**Rural airports.** If a segment is to or from a rural airport, the domestic segment tax doesn't apply.

#### Transportation of Property by Air (IRS No. 28)

The tax is 6.25% of amounts paid for transportation of property by air. The tax doesn't apply if the surtax on fuel used in a fractional ownership program aircraft is imposed. See *Surtax on any liquid used in a fractional ownership program aircraft as fuel* (IRS No. 13), later.

#### Use of International Air Travel Facilities (IRS No. 27)

For calendar year 2017, the section 4261 tax on the amount paid for international flights is increased to \$18.30 per person for flights that begin or end in the United States.

The tax is increased to \$9.20 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures).

## Communications and Air Transportation Taxes—Uncollected Tax Report

A separate report is required to be filed by collecting agents of communications services (local and teletypewriter service) and air transportation taxes if the person from whom the facilities or services tax (the tax) is required to be collected (the taxpayer) refuses to pay the tax, or it's impossible for the collecting agent to collect the tax. The report must contain the name and address of the taxpayer, the type of facility provided or service rendered, the amount paid for the facility or service (the amount on which the tax is based), and the date paid.

**Regular method taxpayers.** For regular method taxpayers, the report must be filed by the due date of the Form 720 on which the tax would have been reported.

**Alternative method taxpayers.** For alternative method taxpayers, the report must be filed by the due date of the Form 720 that includes an adjustment to the separate account for the uncollected tax. See *Alternative method (IRS Nos. 22, 26, 27, and 28)*, later.

**Where to file your uncollected tax report. Don't file the uncollected tax report with Form 720.** Instead, mail the report to:

Department of the Treasury  
Internal Revenue Service  
Cincinnati, OH 45999

## Fuel Taxes

**First taxpayer's report.** If you are reporting gallons of taxable fuel that may again be subject to tax, you may need to file a first taxpayer's report. The report must contain all the information as shown in the *Model Certificate B* in the Appendix of Pub. 510.

The person who paid the first tax must do all of the following.

- Give a copy of the first taxpayer's report to the buyer.
- File the first taxpayer's report with Form 720 for the quarter for which the report relates.
- Write "EXCISE—FIRST TAXPAYER'S REPORT" across the top of a separate copy of the report, and by the due date of Form 720, send the copy to:

Department of the Treasury  
Internal Revenue Service  
Cincinnati, OH 45999-0555

**Diesel (IRS No. 60).** If you are liable for the diesel fuel tax on removal at the terminal rack, report these gallons on line 60(a). If you are liable for the diesel fuel tax on events other than removal at the terminal rack, report these gallons on line 60(b). If you are liable for the diesel fuel tax because you have produced diesel by blending biodiesel with taxed diesel outside of the bulk transfer/terminal system, report these gallons of biodiesel on line 60(c). If you report gallons on line 60(c), don't report those gallons on line 60(b).

Multiply the total number of gallons subject to tax on lines (a), (b), and (c) by \$.244 and make one entry in the tax column.

See *Schedule T. Two-Party Exchange Information Reporting*, later, if applicable.

**Diesel-water emulsion (IRS No. 104).** If you are liable for the reduced rate (see below) of tax on a diesel-water emulsion removal at the terminal rack or other taxable event, report these gallons on the line for IRS No. 104.

**Requirements.** All of the following requirements must be met to be eligible for the reduced rate: (a) the diesel-water emulsion must contain at least 14% water; (b) the emulsion additive must be registered by a U.S. manufacturer with the EPA under the Clean Air Act, section 211 (as in effect on March 31, 2003); and (c) the taxpayer must be registered by the IRS. If these requirements aren't met, you must report the sale, removal, or use of a diesel-water emulsion as diesel.

**IRS Nos. 105, 107, 119, and 111.** Tax is imposed at \$.001 per gallon on removals, entries, and sales of gasoline, diesel, and kerosene described as exempt transactions. Multiply the total number of gallons subject to tax for each fuel by \$.001 and enter the amount in the tax column for the following IRS Nos.

- IRS No. 105, dyed diesel, LUST tax.
- IRS No. 107, dyed kerosene, LUST tax.
- IRS No. 119, LUST tax, other exempt removals; report gasoline blendstocks, kerosene used for a feedstock purpose, and diesel or kerosene sold or used in Alaska.
- IRS No. 111, kerosene for use in aviation, LUST tax on nontaxable uses; report gallons of kerosene removed directly from a terminal into the fuel tank of an aircraft for nontaxable uses.

**Kerosene (IRS No. 35).** If you are liable for the kerosene tax on removal at the terminal rack, report these gallons on line 35(a). If you are liable for the kerosene tax on events other than removal at the terminal rack, report these gallons of kerosene on line 35(b).

Multiply the total number of gallons subject to tax on lines (a) and (b) by \$.244 and make one entry in the tax column.

See *Schedule T. Two-Party Exchange Information Reporting*, later, if applicable.

**Kerosene for use in aviation (IRS Nos. 69, 77, and 111).** Generally, kerosene is taxed at \$.244 per gallon.

- For kerosene removed directly from a terminal into the fuel tank of an aircraft for use in noncommercial aviation, the tax rate is \$.219 per gallon. Report these gallons on the line for IRS No. 69.
- For kerosene removed directly from a terminal into the fuel tank of an aircraft for use in commercial aviation (other than foreign trade), the tax rate is generally \$.044 per gallon. Report these gallons on the line for IRS No. 77.
- For kerosene removed directly from a terminal into the fuel tank of an aircraft for nontaxable uses, the tax rate is generally \$.001 per gallon. Report these gallons on the line for IRS No. 111.
- For kerosene removed directly from a terminal into the fuel tank of a fractional ownership program aircraft after March 31, 2012, a surtax of \$.141 per gallon applies. Also, report these gallons on the line for IRS No. 13.

**Other fuels (IRS No. 79).** You are liable for the tax on the fuels listed below when they are delivered into the fuel supply tank of a motor vehicle or motorboat (or trains for B-100). Use the following table to determine the tax for each gallon. Fill in the number of gallons and the appropriate rate in the *Rate* column on the line for IRS No. 79. If more than one rate

applies, leave the *Rate* column blank and attach a schedule showing the rates and number of gallons taxed at each rate.

Fuel	Tax Rate per Gallon
<b>Qualified—</b>	
Ethanol produced from coal . . . . .	.184
Methanol produced from coal . . . . .	.184
<b>Partially exempt—</b>	
Ethanol produced from natural gas . . . . .	.114
Methanol produced from natural gas . . . . .	.0925
<b>B-100 (100% biodiesel)</b> . . . . .	.244
<b>Liquefied gas derived from biomass</b> . . . . .	.184
<b>Other fuels not shown</b> . . . . .	.184

**Gasoline (IRS No. 62).** If you are liable for the gasoline tax on removal at the terminal rack, report these gallons on line 62(a). If you are liable for the gasoline tax on events other than removal at the terminal rack, report these gallons on line 62(b). If you are liable for the gasoline tax because you have blended alcohol with taxed gasoline outside of the bulk transfer/terminal system, report these gallons of alcohol on line 62(b).

Multiply the total number of gallons subject to tax on lines (a) and (b) by \$.184. Combine the tax for lines (a) and (b) and make one entry in the tax column.

See *Schedule T, Two-Party Exchange Information Reporting*, later, if applicable.

**Surtax on any liquid used in a fractional ownership program aircraft as fuel (IRS No. 13).** Fuel used in a fractional ownership program aircraft, as defined below, after March 31, 2012, is subject to a surtax of \$.141 per gallon. The fractional ownership program manager is liable for the surtax. If you are liable, report these gallons on the line for IRS No. 13.

The surtax applies in addition to any other taxes imposed on the removal, entry, use, or sale of the fuel. If the surtax is imposed, the flight isn't considered commercial aviation. Instead, the tax on the fuel used in the flight is imposed at the noncommercial aviation rate of \$.219 per gallon (IRS No. 69).

If the surtax is imposed, the following taxes don't apply.

- Transportation of persons by air (IRS No. 26).
- Transportation of property by air (IRS No. 28).
- Use of international air travel facilities (IRS No. 27).

**Fractional ownership aircraft program** is a program under which:

- A single fractional ownership program manager provides fractional ownership program management services on behalf of the fractional owners;
- There are one or more fractional owners per fractional program aircraft, with at least one fractional program aircraft having more than one owner;
- For at least two fractional program aircraft, none of the ownership interests in the aircraft are less than the minimum fractional ownership interest or held by the program manager;
- There exists a dry-lease aircraft exchange arrangement among all of the fractional owners; and
- There are multi-year program agreements covering the fractional ownership, fractional ownership program management services, and dry-lease aircraft exchange aspects of the program.

**Fractional program aircraft.** Any aircraft that, in any fractional ownership aircraft program, is listed as a fractional program aircraft in the management specifications issued to the manager of such program by the Federal Aviation Administration under subpart K of part 91 title 14, Code of Federal Regulations, and is registered in the United States.

Fractional program aircraft aren't considered used for transportation of a qualified fractional owner, or on account of such qualified fractional owner, when they are used for flight demonstration, maintenance, or crew training. In such situations, the flight isn't commercial aviation. Instead, the tax on the fuel used in the flight is imposed at the noncommercial aviation rate.

**Fractional owner.** Any person owning any interest (including the entire interest) in a fractional program aircraft.

**Dry-lease aircraft exchange.** An agreement, documented by the written program agreements, under which the fractional program aircraft are available, on an as-needed basis without crew, to each fractional owner.

**Special rule relating to deadhead service.** A fractional program aircraft won't be considered to be used on account of a qualified fractional owner when it's used in deadhead service and a person other than a qualified fractional owner is separately charged for such service.

**More information.** See section 4043 for more information on the surtax.

**Aviation gasoline (IRS No. 14).** Aviation gasoline is taxed at the rate shown on Form 720.

Also, a surtax of \$.141 per gallon applies on fuel used in an aircraft which is part of a fractional ownership program.

For further information on fractional ownership program aircraft, see *Surtax on any liquid used in a fractional ownership program aircraft as fuel (IRS No. 13)*, earlier.

**Alternative fuel (IRS Nos. 112, 118, and 120–124).**

Alternative fuel is any liquid other than gas oil, fuel oil, or any product taxable under section 4081. You are liable for tax on alternative fuel delivered into the fuel supply tank of a motor vehicle or motorboat, or on certain bulk sales. Report the tax on the line for the IRS No. listed in the following table.

Alternative Fuel	IRS Number
Liquefied petroleum gas (LPG)	112
"P Series" fuels	118
Compressed natural gas (CNG)	120
Liquefied hydrogen	121
Fischer-Tropsch process liquid fuel from coal (including peat)	122
Liquid fuel derived from biomass	123
Liquefied natural gas (LNG)	124

For sales or uses after December 31, 2015, the following gasoline gallon equivalent (GGE) or diesel gallon equivalent (DGE) applies.

- LPG (includes propane, pentane, or mixtures of those gases), taxed at \$.183 per GGE, has a GGE of 5.75 pounds or 1.353 gallons of LPG.
- LNG, taxed at \$.243 per DGE, has a DGE of 6.06 pounds or 1.71 gallons of LNG.

- CNG, taxed at \$.183 per GGE, has a GGE of 5.66 pounds or 123.57 cubic feet of CNG.

**Example.** 10,000 gallons of LNG ÷ 1.71 = 5,848 DGE x \$.243 = \$1,421.06 tax.

## Retail Tax

### Truck, Trailer, and Semitrailer Chassis and Bodies, and Tractors (IRS No. 33)

The tax is 12% of the sales price on the first retail sale of each unit. The tax applies to:

- Truck chassis and bodies, except truck chassis and bodies suitable for use with a vehicle with a gross vehicle weight (GVW) of 33,000 pounds or less;
- Trailer and semitrailer chassis and bodies, except trailer and semitrailer chassis and bodies suitable for use with a vehicle with a GVW of 26,000 pounds or less; and
- Tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer, except tractors that have a GVW of 19,500 pounds or less and a gross combined weight of 33,000 pounds or less.

Generally, gross combined weight means the weight of a tractor and the weight of its trailer(s).

The tax imposed on parts and accessories sold on or in connection with the units listed above and the tax imposed on the separate purchase of parts and accessories for the units listed above don't apply to an EPA-approved idling reduction device installed on a tractor or insulation that has an R value of at least R35 per inch.

**Idling reduction device.** Any device or system of devices that provide the tractor with services, such as heat, air conditioning, and electricity, without the use of the main drive engine while the tractor is temporarily parked or stationary. The device must be affixed to the tractor and determined by the Administrator of the EPA, in consultation with the Secretary of Energy and Secretary of Transportation, to reduce idling while parked or stationary.

Figure the tax for each vehicle sold and enter the total for the quarter on the line for IRS No. 33.

**Gross vehicle weight.** The gross vehicle weight (GVW) means the maximum total weight of a loaded vehicle. Generally, this maximum total weight is the GVW rating provided by the manufacturer or determined by the seller of the completed article. The seller's GVW rating must be determined for excise tax purposes on the basis of the strength of the chassis frame and the axle capacity and placement. The seller may not take into account any readily attachable components (such as tires or rim assemblies) in determining the GVW. See Regulations section 145.4051-1(e)(3) for more information.

The following four classifications of truck body types meet the suitable-for-use standard and will be excluded from the retail excise tax.

- Platform truck bodies 21 feet or less in length.
- Dry freight and refrigerated truck van bodies 24 feet or less in length.
- Dump truck bodies with load capacities of 8 cubic yards or less.
- Refuse packer truck bodies with load capacities of 20 cubic yards or less.

For more information, see Rev. Proc. 2005-19, which is on page 832 of I.R.B. 2005-14, at

[IRS.gov/IRB/2005-14\\_IRB#RP2005-19](http://IRS.gov/IRB/2005-14_IRB#RP2005-19).

**Section 4051(d) tire credit.** A tax credit may be claimed equal to the amount of tax that has been imposed on each tire that is sold on or in connection with the first retail sale of a taxable vehicle reported on IRS No. 33. Claim the section 4051(d) tire credit on Schedule C, line 14a.

## Ship Passenger Tax

**Transportation by water (IRS No. 29).** A tax is imposed on the operator of commercial ships. The tax is \$3 for each passenger on a commercial passenger ship that has berth or stateroom accommodations for at least 17 passengers if the trip is over 1 or more nights. A voyage extends "over 1 or more nights" if it lasts longer than 24 hours. The tax also applies to passengers on any commercial ship that transports passengers engaged in gambling aboard the ship beyond the territorial waters of the United States. Enter the number of passengers for the quarter on the line for IRS No. 29.

## Other Excise Tax

**Obligations not in registered form (IRS No. 31).** For obligations issued during the quarter, enter the principal amount of the obligation multiplied by the number of calendar years (or portion thereof) during the period beginning on the issue date and ending on the maturity date on the line for IRS No. 31.

## Foreign Insurance Taxes

**Policies issued by foreign insurers (IRS No. 30).** Enter the amount of premiums paid during the quarter on policies issued by foreign insurers. Multiply the premiums paid by the rates listed on Form 720 and enter the total for the three types of insurance on the line for IRS No. 30.

**Section 4371(3) tax on foreign reinsurance premiums no longer applies.** The 1% tax no longer applies to premiums paid on a policy of reinsurance issued by one foreign reinsurer to another foreign insurer or reinsurer, under the situations described in Rev. Rul. 2008-15, 2008-12 I.R.B. 633. See Rev. Rul. 2016-03, 2016-3 I.R.B. 282, at [IRS.gov/IRB/2016-03\\_IRB#RR2016-03](http://IRS.gov/IRB/2016-03_IRB#RR2016-03).

**Who must file.** The person who pays the premium to the foreign insurer (or to any nonresident person such as a foreign broker) must pay the tax and file the return. Otherwise, any person who issued or sold the policy, or who is insured under the policy, is required to pay the tax and file the return.

**Treaty-based return positions under section 6114.** Foreign insurers and reinsurers who take the position that a treaty of the United States overrules, or otherwise modifies, an internal revenue law of the United States must disclose such position. This disclosure must be made once a year on a statement which must report the payments of premiums that are exempt from the excise tax on policies issued by foreign insurers for the previous calendar year. This statement is filed with the first quarter Form 720, which is due before May 1 of each year.

You may be able to use Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), as a disclosure statement.

At the top of Form 720, write "Section 6114 Treaty." If you have no other transactions reportable on Form 720, complete Form 720 as follows.



1. If this is your final return, check the final return box.
2. Write "None" on lines 1 and 3.
3. Sign the return.

You need an EIN to file Form 720. If you don't have an EIN, see *Employer Identification Number (EIN)*, earlier.

**Where to file your treaty-based return positions under section 6114.** All filers should mail Form 720 with the attached Form 8833 or disclosure statement to the address listed under *Where To File*, earlier. See the *Caution* under *Private Delivery Services*, earlier.

## Manufacturers Taxes



*Don't include the excise tax on coal in the sales price when determining which tax rate to use.*

**Underground mined coal (IRS Nos. 36 and 37).** The tax on underground mined coal is the lower of \$1.10 per ton or 4.4% of the sales price. Enter on the line for IRS No. 36 the number of tons of underground mined coal sold at \$25 or more per ton. Enter on the line for IRS No. 37 the total sales price for all sales of underground mined coal sold at a selling price of less than \$25 per ton.

**Surface mined coal (IRS Nos. 38 and 39).** The tax on surface mined coal is the lower of \$.55 per ton or 4.4% of the sales price. Enter on the line for IRS No. 38 the number of tons of surface mined coal sold at \$12.50 or more per ton. Enter on the line for IRS No. 39 the total sales price for all sales of surface mined coal sold at a selling price of less than \$12.50 per ton.

**Taxable tires (IRS Nos. 108, 109, and 113).** A tax is imposed on taxable tires sold by the manufacturer, producer, or importer at the rate of \$.0945 (\$.04725 in the case of a bias ply tire or super single tire) for each 10 pounds of the maximum rated load capacity over 3,500 pounds. Figure the tax for each tire sold in each category as shown in the following chart and enter the total for the quarter on the line for IRS No. 108, 109, or 113. Enter the number of tires for each IRS No.

IRS No.	Taxable Tire Category	Rate (for each 10 pounds of the maximum rated load capacity over 3,500 pounds)
108	Taxable tires other than bias ply or super single tires	\$.0945
109	Taxable tires, bias ply or super single tires (other than super single tires designed for steering)	\$.04725
113	Taxable tires, super single tires designed for steering	\$.0945

A **taxable tire** is any tire of the type used on highway vehicles if wholly or partially made of rubber and if marked according to federal regulations for highway use. A bias ply tire is a pneumatic tire on which the ply cords that extend to the beads are laid at alternate angles substantially less than 90 degrees to the centerline of the tread. A super single tire is a tire greater than 13 inches in cross section width designed

to replace two tires in a dual fitment, but doesn't include any tire designed for steering.

**Gas guzzler tax (IRS No. 40).** Use Form 6197, Gas Guzzler Tax, to figure the liability for this tax. Attach Form 6197 to Form 720. The tax rates for the gas guzzler tax are shown on Form 6197.

**One-time filing.** If you import a gas guzzling automobile, you may be eligible to make a one-time filing of Form 720 and Form 6197 if you meet all of the following conditions.

- You don't import gas guzzling automobiles in the course of your trade or business.
- You aren't required to file Form 720 reporting excise taxes for the calendar quarter, except for a one-time filing.

Follow the steps below to make a one-time filing.

1. File Form 720 for the quarter in which you incur liability for the tax. See *When To File*, earlier.
2. Pay the tax with Form 720. No deposits are required.
3. If you are an individual and don't have an EIN, enter your social security number (SSN) or individual taxpayer identification number (ITIN) on Form 720 and Form 720-V, Payment Voucher, in the space for the EIN.
4. Check the one-time filing box on the line for the gas guzzler tax.

**Vaccine taxes (IRS No. 97).** A tax is imposed on the sale or use of a vaccine manufactured, produced, or entered into the United States at \$.75 per dose if it:

- Contains diphtheria toxoid, tetanus toxoid, pertussis bacteria, extracted or partial cell bacteria, specific pertussis antigens, or polio virus;
- Is against measles, mumps, rubella, hepatitis A, hepatitis B, chicken pox, rotavirus gastroenteritis, or human papillomavirus;
- Is any HIB (haemophilus influenzae type B) vaccine;
- Is any meningococcal vaccine;
- Is any conjugate vaccine against streptococcus pneumoniae; or
- Any trivalent vaccine against seasonal influenza or any other vaccine against seasonal influenza.

The effective date for the tax on any other vaccine against seasonal influenza is the later of August 1, 2013, or the date the Secretary of the Department of Health and Human Services lists a vaccine against seasonal influenza for purposes of compensation for any vaccine-related injury or death through the Vaccine Injury Compensation Trust Fund.

If any taxable vaccine is combined with one or more additional taxable vaccines, then the tax is imposed on each vaccine included in the combination.

**Example.** MMR contains three taxable vaccines: measles, mumps, and rubella. The tax per dose on MMR is \$2.25 (3 x \$.75).

Add the tax for each taxable vaccine and enter the total tax on the line for IRS No. 97.

## Part II

**Patient-centered outcomes research fee (IRS No. 133).** The patient-centered outcomes research fee is imposed on issuers of specified health insurance policies (section 4375) and plan sponsors of applicable self-insured health plans (section 4376) for policy and plan years ending on or after October 1, 2012. Generally, references to taxes on Form 720 include this fee.

**Specified health insurance policies.** For issuers of specified health insurance policies, the fee for a policy year ending on or after October 1, 2016, but before October 1, 2017, is \$2.26 (line 133(b)) (\$2.17 for a policy year ending on or after October 1, 2015, but before October 1, 2016 (line 133(a)), multiplied by the average number of lives covered under the policy for that policy year. Generally, issuers of specified health insurance policies must use one of the following four alternative methods to determine the average number of lives covered under a policy for the policy year.

1. The actual count method.
2. The snapshot method.
3. The member months method.
4. The state form method.

**Applicable self-insured health plans.** For plan sponsors of applicable self-insured health plans, the fee for a plan year ending on or after October 1, 2016, but before October 1, 2017, is \$2.26 (line 133(d)) (\$2.17 for a policy year ending on or after October 1, 2015, but before October 1, 2016 (line 133(c)), multiplied by the average number of lives covered under the plan for that plan year. Generally, plan sponsors of applicable self-insured health plans must use one of the following three alternative methods to determine the average number of lives covered under a plan for the plan year.

1. Actual count method.
2. Snapshot method.
3. Form 5500 method.

**Reporting and paying the fee.** File Form 720 annually to report and pay the fee on the second quarter Form 720 no later than July 31 of the calendar year immediately following the last day of the policy year or plan year to which the fee applies. Because the rate used to determine the fee varies from year to year, you should determine the fee using the instructions for the second quarter Form 720. If you file Form 720 only to report the fee, don't file Form 720 for the first, third, or fourth quarters of the year. If you file Form 720 to report quarterly excise tax liability for the first, third, or fourth quarter of the year (for example, filers reporting the foreign insurance tax (IRS No. 30)), don't make an entry on the line for IRS No. 133 on those filings.

Deposits aren't required for this fee, so issuers and plan sponsors aren't required to pay the fee using Electronic Federal Tax Payment System (EFTPS). However, if the fee is paid using EFTPS, the payment should be applied to the second quarter. See *Electronic deposit requirement under Payment of Taxes*, later.

Report the average number of lives covered in column (a). Apply the applicable rate ((b) *Rate for avg. covered life*) and enter the fee in column (c).

Combine the fees for specified health insurance policies and applicable self-insured health plans and enter the total in the tax column on the line for IRS No. 133.

**More information.** For more information, including methods for calculating the average number of lives covered, see sections 4375, 4376, and 4377; see T.D. 9602, which is on page 746 of I.R.B. 2012-52, at [IRS.gov/IRB/2012-52\\_IRB#TD9602](https://www.irs.gov/IRB/2012-52_IRB#TD9602).

**Sport fishing equipment (other than fishing rods and fishing poles) (IRS No. 41).** The tax on sport fishing

equipment is 10% of the sales price. The tax is paid by the manufacturer, producer, or importer. Taxable articles include reels, fly fishing lines (and other lines not over 130 pounds test), fishing spears, spear guns, spear tips, terminal tackle, fishing supplies and accessories, and any parts or accessories sold on or in connection with these articles. See Pub. 510 for a complete list of taxable articles. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 41.

**Fishing rods and fishing poles (IRS No. 110).** The tax on fishing rods and fishing poles (and component parts) taxed at a rate of 10% will have a maximum tax of \$10 per article. The tax is paid by the manufacturer, producer, or importer. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 110.

**Electric outboard motors (IRS No. 42).** The tax on an electric outboard motor is 3% of the sales price. The tax is paid by the manufacturer, producer, or importer. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 42.

**Fishing tackle boxes (IRS No. 114).** The tax on fishing tackle boxes is 3% of the sales price. The tax is paid by the manufacturer, producer, or importer. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 114.

**Bows, quivers, broadheads, and points (IRS No. 44).** The tax on bows is 11% of the sales price. The tax is paid by the manufacturer, producer, or importer. It applies to bows having a peak draw weight of 30 pounds or more. The tax also is imposed on the sale of any part or accessory suitable for inclusion in or attachment to a taxable bow and any quiver, broadhead, or point suitable for use with arrows described below. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 44.

**Arrow shafts (IRS No. 106).** The tax on arrow shafts is \$0.51 per arrow shaft. The tax is paid by the manufacturer, producer, or importer of any arrow shaft (whether sold separately or incorporated as part of a finished or unfinished product) of a type used in the manufacture of any arrow which after its assembly meets either of the following conditions.

- It measures 18 inches or more in overall length.
- It measures less than 18 inches in overall length but is suitable for use with a taxable bow, described earlier.

**Exemption for certain wooden arrows.** The tax doesn't apply to any shaft made of all natural wood with no laminations or artificial means of enhancing the spine of such shaft (whether sold separately or incorporated as part of a finished or unfinished product) and used in the manufacture of any arrow which after its assembly meets both of the following conditions.

- It measures  $\frac{5}{16}$  of an inch or less in diameter.
- It isn't suitable for use with a taxable bow, described earlier.

Add the tax on each sale during the quarter and enter the total on the line for IRS No. 106.

## Indoor Tanning Services Tax

**Indoor tanning services (IRS No. 140).** The tax on indoor tanning service is 10% of the amount paid for that service. The tax is paid by the person paying for the indoor tanning service and is collected by the person receiving payment for the indoor tanning services.

**Who must file.** The person receiving the payment for indoor tanning services (collector) must collect and remit the tax and file the return. If the tax isn't collected for any reason, the collector is liable for the tax.

**Definition of indoor tanning services.** Indoor tanning service means a service employing any electronic product designed to incorporate one or more ultraviolet lamps and intended for the irradiation of an individual by ultraviolet radiation, with wavelengths in air between 200 and 400 nanometers, to induce skin tanning. The term doesn't include phototherapy service performed by, and on the premises of, a licensed medical professional (such as a dermatologist, psychologist, or registered nurse). See Regulations section 49.5000B-1 for more information and special rules for qualified physical fitness facilities, undesignated payment cards, and bundled payments.

Enter the amount of indoor tanning services tax collected (or due for failing to collect the tax) for the quarter on the line for IRS No. 140.

## Other Part II Taxes

**Inland waterways fuel use tax (IRS No. 64).** If you are liable for the inland waterways fuel use tax, report the number of gallons subject to tax on the line for IRS No. 64. Certain fuels also must be reported under IRS No. 125 (discussed next).



*The inland waterways fuel use tax applies at the rate listed on Form 720 (\$ .29, effective April 1, 2015).*

*This is in addition to all other taxes imposed on the sale or use of the fuel.*

**LUST tax on inland waterways fuel use (IRS No. 125).** The leaking underground storage tank (LUST) tax must be paid on any liquid fuel used on inland waterways that isn't subject to LUST tax under section 4041(d) or 4081. For example, gallons of Bunker C residual fuel oil must be reported under both IRS Nos. 64 and 125.

**Section 40 fuels (IRS No. 51).** An excise tax is imposed (recaptured) if you claim the second generation biofuel producer credit and you don't use the fuel for the purposes described under *Qualified Second Generation Biofuel Production* in the Instructions for Form 6478, Biofuel Producer Credit. When recapturing, you must pay a tax on each gallon of second generation biofuel at the rate you used to figure the credit.

The tax rate for second generation biofuel is \$1.01 per gallon. Fill in the number of gallons and the appropriate rate in the *Rate* column on the line for IRS No. 51.

**Biodiesel sold as but not used as fuel (IRS No. 117).** You must pay a tax (recapture) on each gallon of biodiesel or renewable diesel on which a credit was claimed at the rate used to figure the credit if you:

- Use it (including a mixture) other than as a fuel;
- Buy it at retail and use it to create a mixture;
- Separate it from a mixture; or
- Use agri-biodiesel on which the small agri-biodiesel producer credit was claimed for a use not described under *Qualified Agri-Biodiesel Production* in the Instructions for Form 8864, Biodiesel and Renewable Diesel Fuels Credit.

The tax is \$1.00 per gallon of biodiesel, agri-biodiesel, and renewable diesel. An additional \$.10 is added if the agri-biodiesel benefited from the small agri-biodiesel producer credit. Fill in the number of gallons and the

appropriate rate in the *Rate* column on the line for IRS No. 117. If more than one rate applies, leave the *Rate* column blank and attach a schedule showing the rates and number of gallons taxed at each rate.

## Floor Stocks Tax

**Ozone-depleting chemicals floor stocks tax (IRS No. 20).** Use Form 6627 to figure the liability for this tax. Enter the amount from Form 6627, Part IV, line 4, column (d), on the line for IRS No. 20. Attach Form 6627 to the Form 720 that is due July 31 of each year.

## Part III

**Line 4.** Report on Form 720, line 4, the total claims from Schedule C, line 15. See *Schedule C, Claims*, later.

**Line 6.** Include on line 6 the amount from line 11 of your previous return that you applied to this return and the amount from Form 720X, line 5b.

**Note.** Include on line 6 of your next return the amount from line 11 you want to have applied to that return.



*If you owe other federal tax, interest, or penalty, the overpayment on line 11 and line 7 will first be applied to the unpaid amounts.*

**Line 10.** If line 3 is more than line 9, enter the difference in line 10. You don't have to pay if line 10 is under \$1.00.

You may pay the amount shown on line 10 by EFTPS, check or money order, or, if filing electronically, electronic funds withdrawal (direct debit). If you pay by EFTPS or direct debit, don't file Form 720-V.



*If you don't deposit as required and, instead, pay the taxes with Form 720, you may be subject to a penalty.*

## Payment of Taxes

Generally, semimonthly deposits of excise taxes are required. A **semimonthly period** is the first 15 days of a month (the first semimonthly period) or the 16th through the last day of a month (the second semimonthly period).

However, no deposit is required for the situations listed below. The taxes are payable with the return.

- The net liability for taxes listed on Form 720, Part I, doesn't exceed \$2,500 for the quarter.
- The gas guzzler tax is being paid on a one-time filing. See *Gas guzzler tax (IRS No. 40)*, earlier.
- The patient-centered outcomes research fee is being paid with a second quarter Form 720. See *Patient-centered outcomes research fee (IRS No. 133)*, earlier.
- The liability is for taxes listed on Form 720, Part II, except the floor stocks tax, which generally requires a single deposit.

**Special rule for deposits of taxes in September 2016.** If you are required to make deposits, see the chart below. The special rule doesn't apply to taxes not required to be deposited (see *Payment of Taxes* above). See Regulations sections 40.6302(c)-2 and 40.6302(c)-3 for rules to figure the net tax liability for the deposits due in September.

Additional deposit of taxes in September 2016

Type of Tax	For the period		Due Date
	Beginning on	Ending on	
Regular method taxes	Sept. 16	Sept. 26	Sept. 29
Alternative method taxes (IRS Nos. 22, 26, 27, and 28) (based on amounts billed)	Sept. 1	Sept. 11	Sept. 29



For the remaining days in September (27–30), be sure to make your deposits by the 14th day of October.

## How To Make Deposits

To avoid a penalty, make your deposits timely and don't mail your deposits directly to the IRS. Records of your deposits will be sent to the IRS for crediting to your accounts.

**Electronic deposit requirement.** You must deposit all depository taxes (such as excise tax, employment tax, or corporate income tax) by electronic funds transfer.

**Depositing on time.** For EFTPS deposits to be on time, you must initiate the transaction at least 1 day before the date the deposit is due (before 8:00 p.m. Eastern time).

If a deposit is due on a day that isn't a business day or legal holiday, see below under *When To Make Deposits*. The term "legal holiday" means any legal holiday in the District of Columbia.

**Same-day wire payment option.** If you fail to submit a deposit transaction on EFTPS by 8:00 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Collection Service (FTCS). To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to provide your financial institution to make a same-day wire payment, visit [IRS.gov/E-Pay](http://IRS.gov/E-Pay) and click on *Same-day wire*.



You will automatically be enrolled in EFTPS when you apply for an EIN. You will receive a separate mailing containing instructions for activating your EFTPS enrollment after you receive your EIN.

## When To Make Deposits

There are two methods for determining deposits: the regular method and the alternative method.

The regular method applies to all taxes on Form 720, Part I, except for communications and air transportation taxes if deposits are based on amounts billed or tickets sold, rather than on amounts actually collected. See *Alternative method*, below.

If you are depositing more than one tax under a method, combine all the taxes under the method and make one deposit for the semimonthly period.

**Regular method.** The deposit of tax for a semimonthly period is due by the 14th day following that period. Generally, this is the 29th day of a month for the first semimonthly period

and the 14th day of the following month for the second semimonthly period. If the 14th or the 29th day falls on a Saturday, Sunday, or legal holiday, you **must** make the deposit by the immediately **preceding** day that isn't a Saturday, Sunday, or legal holiday.

### Alternative method (IRS Nos. 22, 26, 27, and 28).

Deposits of communications and air transportation taxes may be based on taxes included in amounts billed or tickets sold during a semimonthly period instead of on taxes actually collected during the period. Under the alternative method, the tax included in amounts billed or tickets sold during a semimonthly period is considered collected during the first 7 days of the second following semimonthly period. The deposit of tax is due by the third business day after the seventh day of that period.

**Example.** The tax included in amounts billed or tickets sold for the period June 16–30, 2017, is considered collected from July 16–22, 2017, and must be deposited by July 27, 2017.

To use the alternative method, you must keep separate accounts of the tax included in amounts billed or tickets sold during the month and report on Form 720 the tax included in amounts billed or tickets sold and not the amount of tax that is actually collected. For example, amounts billed in December, January, and February are considered collected during January, February, and March and are reported on Form 720 as the tax for the first quarter of the calendar year.

The separate account for each month must reflect:

1. All items of tax included in amounts billed or tickets sold during the month, and
2. Other items of adjustment relating to tax for prior months (within the statute of limitations on credits or refunds).

The separate account for any month can't include an adjustment resulting from a refusal to pay or inability to collect unless the refusal has been reported to the IRS. See *Communications and Air Transportation Taxes—Uncollected Tax Report*, earlier.

The net tax liability that is considered collected during the semimonthly period must be either:

- The net amount of tax reflected in the separate account for the corresponding semimonthly period of the preceding month, or
- One-half of the net amount of tax reflected in the separate account for the preceding month.

## Amount To Deposit

Deposits of taxes for a semimonthly period must be at least 95% of the amount of net tax liability for that period, unless the safe harbor rule applies. See *Safe Harbor Rule*, later.

The net tax liability for a semimonthly period is the total liability for the period minus any claims allowed on Schedule C for the period. Net tax liability for a semimonthly period may be figured by dividing the net tax liability for the month by 2, provided this method of computation is used for all semimonthly periods in the calendar quarter.



The net tax liability for a semimonthly period isn't reduced by any amounts from Form 720X.

## Safe Harbor Rule

The safe harbor rule applies separately to deposits under the regular method and the alternative method. Persons who filed Form 720 for the look-back quarter (the second calendar quarter preceding the current quarter) are considered to meet the semimonthly deposit requirement if the deposit for each semimonthly period in the current quarter is at least  $\frac{1}{6}$  (16.67%) of the net tax liability reported for the look-back quarter.

For the semimonthly period for which the additional deposit is required (September 1–11 and 16–26, the additional deposit must be at least  $\frac{11}{90}$  (12.23%)), of the net tax liability reported for the look-back quarter. Also, the total deposit for that semimonthly period must be at least  $\frac{1}{6}$  (16.67%) of the net tax liability reported for the look-back quarter.

**Exceptions.** The safe harbor rule doesn't apply to the following quarters.

- The first and second quarters beginning on or after the effective date of an increase in the rate of tax unless the deposit of taxes for each semimonthly period in the calendar quarter is at least  $\frac{1}{6}$  (16.67%) of the tax liability you would have had for the look-back quarter if the increased rate of tax had been in effect for that look-back quarter.
- Any quarter if liability includes any tax not in effect throughout the look-back quarter.
- For deposits under the alternative method, any quarter if liability includes any tax not in effect throughout the look-back quarter and the month preceding the look-back quarter.

**Requirements to be met.** For the safe harbor rule to apply, you must pay any underpayment for the current quarter by the due date of the return and check the box on line 5 of Form 720.



*The IRS may withdraw the right to make deposits of tax using the safe harbor rule from any person not complying with these rules.*

## Online Payment Agreement

If you can't pay the full amount of tax owed, you can apply for an installment agreement online. You can apply for an installment agreement online if the total amount you owe in combined tax, penalties, and interest is \$25,000 (\$50,000 for individuals) or less, and you've filed all required returns. To apply using the Online Payment Agreement Application, go to [IRS.gov](https://www.irs.gov), click on *Tools*, then click on *Online Payment Agreement*.

## Schedule A. Excise Tax Liability

**How to complete.** Complete Schedule A to record net tax liabilities for Form 720, Part I, taxes for each semimonthly period in a quarter even if your net liability is under \$2,500.

The following table will help you determine which boxes to complete on Schedule A.

IF you are reporting under the...	THEN you report on line...	AND enter the net tax liability in boxes...
Regular method	1	A–G
Alternative method	2	M–S

If you are reporting more than one type of tax on

lines 1 and 2:

1. Add the net tax liability for each tax for each semimonthly period, and
2. Enter the total in the applicable box.

**Additional rules.** Report communications and air transportation taxes based on:

- Actual collections on line 1, or
- Amounts billed or tickets sold on line 2. The amount of tax to report for a semimonthly period is the net amount that is considered collected during that period.

**Example.** Under the alternative method, the amounts billed for communications services from June 1–15, 2017, are considered collected during the period July 1–7, 2017, and are reported for the third quarter of 2017 on Schedule A in box **M**, not the second quarter of 2016.

**Reporting tax liability under the special September rule.** An additional reporting is required under the special September rule (for the period shown in the chart above) as follows:

<i>Regular method taxes</i>	Enter the tax liability for the period beginning September 16 and ending September 25/26 in box <b>G</b> , Special rule for September.
<i>Alternative method taxes</i>	Enter the tax included in amounts billed or tickets sold during the period beginning September 1 and ending September 10/11 in box <b>S</b> , Special rule for September box on the <b>fourth quarter return</b> .

For the remaining days in the September period, report the liability as follows:

<i>Regular method taxes</i>	Enter the liability for the period beginning September 26/27 and ending September 30 in box <b>F</b> .
<i>Alternative method taxes</i>	Enter the tax included in the amounts billed or tickets sold for the period beginning September 11/12 and ending September 15 in box <b>M</b> of the <b>fourth quarter return</b> . Enter the tax included in amounts billed or tickets sold during the period beginning September 16 and ending September 30 in box <b>N</b> of the <b>fourth quarter return</b> .

## Schedule T. Two-Party Exchange Information Reporting

In a two-party exchange, the receiving person, not the delivering person, is liable for the tax imposed on the removal of taxable fuel from the terminal at the terminal rack. A two-party exchange means a transaction (other than a sale) where the delivering person and receiving person are both taxable fuel registrants and all of the following occur.

- The transaction includes a transfer from the delivering person, who holds the inventory position for the taxable fuel in the terminal as reflected in the records of the terminal operator.
- The exchange transaction occurs before or at the same time as completion of removal across the rack by the receiving person.
- The terminal operator in its records treats the receiving person as the person that removes the product across the

terminal rack for purposes of reporting the transaction on Form 720-TO, Terminal Operator Report.

- The transaction is the subject of a written contract.

**Information reporting.** Schedule T is used to report gallons of taxable fuel:

- Received in a two-party exchange within a terminal; these gallons also must be included on the appropriate line on Form 720, page 1; or
- Delivered in a two-party exchange with a removal across the rack.

Enter all gallons of fuel received or delivered in a two-party exchange within a terminal for the applicable fuel.

## Schedule C. Claims

Complete all information requested for each line, including month income tax year ends and period of claim. Enter the month as "MM." Enter the period of claim as "MM/DD/YYYY - MM/DD/YYYY." Your claim will be disallowed if you don't follow the required procedures or don't provide all the required information. Also, you are certifying to the applicable statement(s) on Schedule C when you make a claim. See Pub. 510 for more information.



*You must include in gross income (income tax return) the amount from line 4 of Form 720 if you took a deduction on the income tax return that included the amount of the taxes and that deduction reduced the income tax liability. See Pub. 510 for more information.*

Don't use Schedule C:

- If you aren't reporting a liability on Form 720, Part I or Part II;
- For amounts you will claim or have claimed on Form 4136, Credit for Federal Tax Paid on Fuels, or as a refund on Form 8849, Claim for Refund of Excise Taxes, and its separate schedules;
- To make adjustments to liability reported on Forms 720 filed for prior quarters (instead use Form 720X);
- If you are seeking a refund of the surtax on any liquid used in a fractional ownership program aircraft as fuel (IRS No. 13), use Form 720X; or
- To request an abatement or refund of interest under section 6404(e) (due to IRS errors or delays) or an abatement or refund of a penalty or addition to tax under section 6404(f) (due to erroneous IRS written advice). Instead, use Form 843, Claim for Refund and Request for Abatement. Also, use Form 843 to request refund of the penalty under section 6715 for misuse of dyed fuel.

## Type of Use Table

The following table lists the nontaxable uses of fuels. You must enter the number from the table in the *Type of use* column as required.

No.	Type of use
1	On a farm for farming purposes
2	Off-highway business use (for business use other than in a highway vehicle registered or required to be registered for highway use) (other than use in mobile machinery)
3	Export
4	In a boat engaged in commercial fishing
5	In certain intercity and local buses
6	In a qualified local bus
7	In a bus transporting students and employees of schools (school buses)
8	For diesel and kerosene (other than kerosene used in aviation) used other than as a fuel in the propulsion engine of a train or diesel-powered highway vehicle (but not off-highway business use)
9	In foreign trade
10	Certain helicopter and fixed-wing aircraft uses
11	Exclusive use by a qualified blood collector organization
12	In a highway vehicle owned by the United States that isn't used on a highway
13	Exclusive use by a nonprofit educational organization
14	Exclusive use by a state, political subdivision of a state, or the District of Columbia
15	In an aircraft or vehicle owned by an aircraft museum
16	In military aircraft

### Claim requirements for lines 1–6 and lines 14b–14d.

The following requirements must be met.

- The amount of the claim must be at least \$750 (combining amounts on lines 1, 2, 3, 4, 5, 6, 14b, 14c, and 14d). This amount may be met by:
  - Making a claim for fuel used during any quarter of a claimant's income tax year, or
  - Aggregating amounts from any quarters of the claimant's income tax year for which no other claim has been made.
- Claims must be filed during the first quarter following the last quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.
- Only one claim may be filed for any quarter.
- The fuel must have been used for a nontaxable use during the period of claim.
- The ultimate purchaser is the only person eligible to make the claim.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Exported taxable fuel.** The claim rates for exported taxable fuel are listed on lines 1b, 2c, 3e, and 4d, and in the instructions for lines 14b and 14c. Taxpayers making a claim for exported taxable fuel must include with their records proof of exportation. Proof of exportation includes:

- A copy of the export bill of lading issued by the delivering carrier,
- A certificate by the agent or representative of the export carrier showing actual exportation of the fuel,

- A certificate of lading signed by a customs officer of the foreign country to which the fuel is exported, or
- A statement of the foreign consignee showing receipt of the fuel.

### Line 1. Nontaxable Use of Gasoline

**Allowable uses.** The gasoline must have been used during the period of claim for type of use 2, 4, 5, 7, or 12. For exported gasoline, see *Exported taxable fuel*, earlier. Type of use 2 doesn't include any personal use or use in a motorboat.

### Line 2. Nontaxable Use of Aviation Gasoline

**Allowable uses.** For line 2b, the aviation gasoline must have been used during the period of claim for type of use 9, 10, or 16. For exported aviation gasoline, see *Exported taxable fuel*, earlier.

For line 2d, the aviation gasoline must have been used during the period of claim for type of use 9. This claim is made in addition to the claim made on line 2b for type of use 9.

### Line 3. Nontaxable Use of Undyed Diesel



*Ultimate purchasers use line 3d to make claims for diesel used on a farm for farming purposes.*

**Allowable uses.** For line 3a, the diesel must have been used during the period of claim for type of use 2, 6, 7, 8, or 12. For exported undyed diesel, see *Exported taxable fuel*, earlier. Type of use 2 doesn't include any personal use or use in a motorboat. Type of use 8 includes use as heating oil and use in a motorboat.

### Line 4. Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

**Allowable uses.** For line 4a, the kerosene must have been used during the period of claim for type of use 2, 6, 7, 8, or 12. For exported undyed kerosene, see *Exported taxable fuel*, earlier. Type of use 2 doesn't include any personal use or use in a motorboat. Type of use 8 includes use as heating oil and use in a motorboat.

For lines 4e and 4f, the kerosene must have been used during the period of claim for type of use 2.

### Line 5. Kerosene Used in Aviation

**Claimant.** For lines 5a and 5b, the ultimate purchaser of kerosene used in commercial aviation (other than foreign trade) is eligible to make this claim. For lines 5c, 5d, and 5e, the ultimate purchaser of kerosene used in noncommercial aviation (except for nonexempt, noncommercial aviation and exclusive use by a state, political subdivision of a state, or the District of Columbia) is eligible to make this claim. Claimant certifies that the right to make the claim hasn't been waived.

**Allowable uses.** For lines 5a and 5b, the kerosene must have been used during the period of claim in commercial aviation. If the claimant buys kerosene partly for use in commercial aviation and partly for use in noncommercial aviation, see the rules in Notice 2005-80, section 3(e)(3).

For lines 5c and 5d, the kerosene must have been used during the period of claim for type of use 1, 9, 10, 11, 13, 15, or 16.

For line 5e, the kerosene must have been used during the period of claim for type of use 9. This claim is made in addition to the claim made on lines 5c and 5d for type of use 9.

### Line 6. Nontaxable Use of Alternative Fuel

**Claimant.** The ultimate purchaser of the taxed alternative fuel is the only person eligible to make this claim.

**Allowable uses.** The alternative fuel must have been used during the period of claim for type of use 1, 2, 4, 5, 6, 7, 11, 13, 14, or 15.

**Type of use 5.** Write "Bus" in the space to the left of the *Type of use* column. Enter the correct claim rate in the *Rate* column. The claim rates for type of use 5 are listed below.

Line number	Claim rate: Type of use 5
6a	\$.109*
6b	.110
6c	.109**
6d	.110
6e	.17
6f	.17
6g	.169***
6h	.110

(\*) This is the claim rate per GGE (5.75 pounds or 1.353 gallons of LPG); (\*\*) This is the claim rate per GGE (5.66 pounds or 123.57 cubic ft. of CNG); (\*\*\*) This is the claim rate per DGE (6.06 pounds or 1.71 gallons of LNG)

**Type of use 5 example.** 10,000 gallons of LPG ÷ 1.353 = 7,391 GGE x \$.109 = \$805.62 claim amount.

### Information for Claims on Lines 7–11

**Registration number.** To make an ultimate vendor claim on lines 7–11, you must be registered. Enter your registration number, including the prefix (for prefixes, see the Instructions for Form 637, Application for Registration), on the applicable line for your claim. If you aren't registered, use Form 637 to apply for a registration number.

**Required certificates or waivers.** The required certificates or waivers for lines 7–11 are listed in the line instructions and are available in Pub. 510.

### Line 7a. Sales by Registered Ultimate Vendors of Undyed Diesel

**Claimant.** For line 7a, the registered ultimate vendor of the diesel is the only person eligible to make this claim and has obtained the required certificate from the buyer and has no reason to believe any information in the certificate is false. See *Model Certificate P* in Pub. 510. Only one claim may be filed for any gallon of diesel.

**Allowable sales.** The fuel must have been sold during the period of claim for the exclusive use by a state or local government (including essential government use by an Indian tribal government).

**Claim requirements.** The following requirements must be met.

1. The claim must be for diesel sold during a period that is at least 1 week.

2. The amount of the claim must be at least \$200. To meet this minimum requirement, amounts from lines 7, 8, and 9 may be combined.

3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Registration number.** Enter your UV registration number in the space provided.

**Information to be submitted.** For claims on line 7a, attach a separate sheet with the name and TIN of each governmental unit to whom the diesel was sold and the number of gallons sold to each.

### **Line 7b. Sales by Registered Ultimate Vendors of Undyed Diesel for Use in Certain Intercity and Local Buses**

**Claimant.** For line 7b, the registered ultimate vendor of the diesel is eligible to make a claim only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. See *Model Waiver N* in Pub. 510. Only one claim may be filed for any gallon of diesel.

**Claim requirements.** The following requirements must be met.

1. The claim must be for diesel sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet this minimum requirement, amounts from lines 7, 8, and 9 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Registration number.** Enter your UB registration number in the space provided.

### **Lines 8a and 8b. Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene Sold for Use in Aviation)**

**Claimant.** For line 8a, the registered ultimate vendor of the kerosene is the only person eligible to make this claim and has obtained the required certificate from the buyer and has no reason to believe any information in the certificate is false. See *Model Certificate P* in Pub. 510. For line 8b, claimant has a statement, if required, that contains the date of sale, name and address of the buyer, and the number of gallons of kerosene sold to the buyer. For lines 8a and 8b, only one claim may be filed for any gallon of kerosene.

**Allowable sales.** The fuel must have been sold during the period of claim:

- For line 8a, use by a state or local government (including essential government use by an Indian tribal government), or
- For line 8b, from a blocked pump.

**Claim requirements.** The following requirements must be met.

1. The claim must be for kerosene sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 8 and 9 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Registration number.** Enter your UV or UP registration number in the space provided.

**Information to be submitted.** For claims on line 8a, attach a separate sheet with the name and TIN of each governmental unit to whom the kerosene was sold and the number of gallons sold to each.

### **Line 8c. Sales by Registered Ultimate Vendors of Undyed Kerosene for Use in Certain Intercity and Local Buses**

**Claimant.** For line 8c, the registered ultimate vendor of the kerosene is eligible to make a claim only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. See *Model Waiver N* in Pub. 510. Only one claim may be filed for any gallon of kerosene.

**Claim requirements.** The following requirements must be met.

1. The claim must be for kerosene sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 8 and 9 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Registration number.** Enter your UB registration number in the space provided.

### **Lines 9a and 9b. Sales by Registered Ultimate Vendors of Kerosene for Use in Commercial Aviation (Other Than Foreign Trade)**

**Claimant.** The registered ultimate vendor of the kerosene sold for use in commercial aviation is eligible to make this claim only if the buyer waives his or her right by providing the registered ultimate vendor with an unexpired waiver. See



*Model Waiver L* in Pub. 510. Only one claim may be filed for any gallon of kerosene sold for use in commercial aviation.

**Allowable sales.** The kerosene sold for use in commercial aviation must have been sold during the period of claim for use in commercial aviation (other than foreign trade).

**Claim requirements.** The following requirements must be met.

1. The claim must be for kerosene sold for use in commercial aviation during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 8 and 9 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Registration number.** Enter your UA registration number in the space provided.

### **Lines 9c, 9d, 9e, and 9f. Sales by Registered Ultimate Vendors of Kerosene Sold for Use in Noncommercial Aviation**

**Claimant.** For line 9c, the registered ultimate vendor of the kerosene sold for use in nonexempt, noncommercial aviation is the only person eligible to make this claim and has obtained the required certificate from the ultimate purchaser. See *Model Certificate Q* in Pub. 510. For lines 9d, 9e, and 9f, the registered ultimate vendor of the kerosene sold for nontaxable use in noncommercial aviation (foreign trade for line 9f) is eligible to make this claim only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. See *Model Waiver L* in Pub. 510. For type of use 14, see *Model Certificate P* in Pub. 510. Only one claim may be filed for any gallon of kerosene sold for use in noncommercial aviation.

**Allowable sales.** For line 9c, the kerosene must have been sold for a nonexempt use in noncommercial aviation. For lines 9d and 9e, the kerosene sold for use in noncommercial aviation must have been sold during the period of claim for type of use 1, 9, 10, 11, 13, 14, 15, or 16.

For line 9f, the kerosene sold for use in noncommercial aviation must have been sold during the period of claim for type of use 9. This claim is made in addition to the claim made on lines 9d and 9e for type of use 9.

**Claim requirements.** The following requirements must be met.

1. The claim must be for kerosene sold for use in noncommercial aviation during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 8 and 9 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if

filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1–3 above aren't met, see *Annual Claims*, later.

**Registration number.** Enter your UA (UV if type of use 14) registration number in the space provided.

**Information to be submitted.** For claims on lines 9d and 9e (type of use 14), attach a separate sheet with the name and TIN of each governmental unit to whom the kerosene was sold and the number of gallons sold to each.

### **Lines 10 and 11. Sales by Registered Ultimate Vendors of Gasoline and Aviation Gasoline**

**Claimant.** The registered ultimate vendor of the gasoline or aviation gasoline is eligible to make a claim on lines 10 and 11 if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired certificate. See *Model Certificate M* in Pub. 510. Only one claim may be filed for any gallon of gasoline or aviation gasoline.

**Allowable sales.** The gasoline or aviation gasoline must have been sold during the period of claim for:

- Use by a nonprofit educational organization, or
- Use by a state or local government (including essential government use by an Indian tribal government).

**Claim requirements.** The following requirements must be met.

1. The claim must be for gasoline or aviation gasoline sold or used during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 10 and 11 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for January and February is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

**Registration number.** Enter your UV registration number in the space provided.

**Information to be submitted.** For claims on lines 10 and 11, attach a separate sheet with the name and TIN of each nonprofit educational organization or governmental unit to whom the gasoline or aviation gasoline was sold and the number of gallons sold to each.

### **Lines 12 and 13**

Reserved for future use.

### **Line 14. Other Claims**

For claims under section 6416(b)(2) relating to certain uses and resales of certain articles subject to manufacturer or retailer excise taxes, claimant certifies that it sold the article at a tax-excluded price, repaid the amount of tax to the ultimate vendor, or has obtained the written consent of the ultimate vendor to make the claim; and has the required supporting information.

**Lines 14b and 14c. Exported Dyed Diesel, Exported Dyed Kerosene, and Exported Gasoline Blendstocks Taxed at \$.001**



Claimant is required to have the name and address of the person(s) who sold the fuel to the claimant, the dates of purchase, and if exported, the required proof of export.

A claim may be made for dyed diesel or dyed kerosene exported in a trade or business during the period of claim. Claims for exported gasoline blendstocks taxed at \$.001 per gallon are made on line 14b. See *Exported taxable fuel*, earlier. The claim rate for each fuel is \$.001 per gallon.



Claims for exported gasoline blendstocks taxed at \$.184 per gallon are made on line 1b.

**Line 14d. Diesel-Water Emulsion**

Generally, the claim rate for the nontaxable use of a diesel-water emulsion taxed at \$.198 (credit reference number (CRN) 309) is \$.197. The fuel must have been used during the period of claim for type of use 1, 2, 3, 5, 6, 7, 8, or 12. For type of use 5, the claim rate is \$.124 (CRN 309). For type of use 3 (exported), the claim rate is \$.198 (CRN 306) and is reported on line 14d.

The claim rate for undyed diesel taxed at \$.244 (CRN 310) and used to produce a diesel-water emulsion is \$.046 per gallon of diesel so used (blender claims). The claimant must attach a statement certifying that (a) the claimant produced a diesel-water emulsion containing at least 14% water; (b) the emulsion additive is registered by a U.S. manufacturer with the EPA under the Clean Air Act, section 211 (as in effect on March 31, 2003); (c) the claimant used undyed diesel taxed at \$.244 to produce the diesel-water emulsion; and (d) the claimant sold or used the diesel-water emulsion in the blender's trade or business. The blender claimant must be registered by the IRS and must enter their registration number on line 14d and enter the applicable CRN.

**Claim requirements.** See *Claim requirements for lines 1–6 and lines 14b–14d*, earlier.

**Line 14e. Registered Credit Card Issuers**

**Allowable sales.** The gasoline (CRN 362), aviation gasoline (CRN 324), diesel (CRN 360), kerosene (CRN 346), or kerosene for use in aviation (CRN 369) must have been purchased with a credit card issued to the ultimate purchaser during the period of claim:

- For gasoline or aviation gasoline, for the exclusive use by a state or local government (including essential government use by an Indian tribal government) or for the exclusive use of a nonprofit educational organization; or
- For diesel, kerosene, or kerosene for use in aviation, for the exclusive use by a state or local government (including essential government use by an Indian tribal government).

**Claimant.** The registered credit card issuer is the only person eligible to make this claim if the credit card issuer:

1. Is registered by the IRS;
2. Hasn't collected the amount of tax from the ultimate purchaser or has obtained the written consent of the ultimate purchaser to make the claim;

3. Certifies that it has repaid or agreed to repay the amount of tax to the ultimate vendor, has obtained the written consent of the ultimate vendor to make the claim, or has otherwise made arrangements which directly or indirectly provide the ultimate vendor with reimbursement of the tax; and

4. Has in its possession an unexpired certificate from the ultimate purchaser and has no reason to believe any of the information in the certificate is false. See *Model Certificate R* in Pub. 510.

If any one of these conditions isn't met, the credit card issuer must collect the tax from the ultimate purchaser and only the ultimate purchaser can make the claim.

**Claim requirements.** The following requirements must be met.

1. The claim must be for gasoline, aviation gasoline, diesel, kerosene, or kerosene for use in aviation sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$200 (\$100 for kerosene or kerosene for use in aviation).
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.
4. The claimant must enter its registration number on line 14e, the amount of the claim, and the applicable CRN (see *Allowable sales*, earlier). If the claim is for more than one fuel, use the blank lines 14i–14k, or attach a separate sheet listing the fuels, amount, and CRN.

If requirements 1–3 above aren't met, see *Annual Claims*, later. However, annual claims can't be made for gasoline and aviation gasoline.

**Claim rates.** The claim rates are shown below.

CRN	Claim Rate
324	\$.193
346	.243
360	.243
362	.183
369	.218

**Annual Claims**

If a claim on lines 1–9 or 14b–14e wasn't made for any gallons, an annual claim may be made (exception: alternative fuel mixtures produced after December 31, 2011). Generally, an annual claim is made on Form 4136 for the income tax year during which the fuel was used by the ultimate purchaser, sold by the registered ultimate vendor, used to produce a mixture, or used in mobile machinery. See Form 4136 for more information.

**Lines 14f–14h. Tire Credits**

A credit or refund (without interest) is allowable on tax-paid tires if the tires have been:

- Exported;
- Sold to a state or local government for its exclusive use;

- Sold to a nonprofit educational organization for its exclusive use;
- Sold to a qualified blood collector organization for its exclusive use in connection with a vehicle the organization certifies will be primarily used in the collection, storage, or transportation of blood;
- Used or sold for use as supplies for vessels; or
- Sold in connection with qualified intercity, local, or school buses.

Also, a credit or refund (without interest) is allowable on tax-paid tires sold by any person on, or in connection with, any other article that is sold or used in an activity listed above.

The person who paid the tax is eligible to make the claim and must include:

- A detailed description of the claim,
- Any additional information required by the regulations,
- How you figured the claim amount,
- Any other information to support the claim, and
- The number of tires claimed for each credit reference number.

**Claim requirement.** Generally, the claim must be filed within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later.

#### Lines 14i–14k. Other Claims



*Don't use lines 14i–14k to make communications tax claims for nontaxable service. See Communications Taxes, earlier.*

Use lines 14i–14k for claims relating to taxes listed in the table below. See Pub. 510 for information on allowable claims relating to these taxes. If you need additional space, attach other sheet(s). You must include the following information for each claim.

- A detailed description of the claim.
- Any additional information required by the regulations.
- The amount of the claim.
- How you figured the claim amount.
- Any other information to support the claim.

**Claim requirement.** Generally, the claim must be filed within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later.

Tax	CRN
Ozone-depleting chemicals (ODCs)	398
Oil spill liability	349
Truck, trailer, and semitrailer chassis and bodies, and tractors	383
Passenger vehicles (luxury tax)	392
Gas guzzler automobiles	340
Vaccines	397
Reserved for Future Use	
Sport fishing equipment	341
Fishing rods and fishing poles	308
Fishing tackle boxes	387
Electric outboard motors	342
Bows, quivers, broadheads, and points	344
Arrow shafts	389

## Unresolved Tax Issues

If you have attempted to deal with an IRS problem unsuccessfully, you should contact the Taxpayer Advocate. The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that haven't been fixed through normal channels.

While Taxpayer Advocates can't change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A "fresh look" at your new or ongoing problem,
- Timely acknowledgment,
- The name and phone number of the individual assigned to your case,
- Updates on progress,
- Timeframes for action,
- Speedy resolution, and
- Courteous service.

When contacting the Taxpayer Advocate, you should provide the following information.

- Your name, address, and taxpayer identification number (TIN).
- The name and telephone number of an authorized contact person and the hours he or she can be reached.
- The type of tax return and year(s) or period(s) (for quarterly returns) involved.
- A detailed description of the problem.
- Previous attempts to solve the problem and the office you contacted.
- A description of the hardship you are facing (if applicable).

You may contact a Taxpayer Advocate by calling a toll-free number, 1-877-777-4778. Persons who have access to TTY/TDD equipment may call 1-800-829-4059 and ask for Taxpayer Advocate assistance. If you prefer, you may call, write, or fax the Taxpayer Advocate office in your area. See Pub. 1546, Taxpayer Advocate Service—Your Voice at the IRS, for a list of addresses and numbers. For more information, go to [IRS.gov/Advocate](https://www.irs.gov/Advocate).

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on these forms in order to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Miscellaneous excise taxes are imposed under Subtitle D of the Internal Revenue Code. These forms are used to determine the amount of tax that you owe. Section 6011 requires you to provide the requested information. Section 6109 requires you to provide your identifying number. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We also may disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. Failure to provide this information in a timely manner or providing false or fraudulent information may subject you to penalties.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file these forms and related schedules will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing, copying, assembling, and sending the form to the IRS
720	53 hr., 59 min.	1 hr., 5 min.	1 hr., 58 min.
720X	6 hr., 13 min.	0 hr., 18 min.	0 hr., 24 min.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions. You can send us comments from [IRS.gov/Formspubs](https://www.irs.gov/Formspubs). Click on "More Information" and then on "Give us feedback." Or you can write to:

Internal Revenue Service  
Tax Forms and Publications  
1111 Constitution Ave. NW  
IR-6526  
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence. Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax products.

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## Index

---

### A

Address, Name and [3](#)

Air transportation:

Uncollected tax report [5](#)

Air transportation taxes [4](#)

Alternative fuel [6](#)

Amount to deposit [11](#)

Arrow shafts [9](#)

---

### B

Biodiesel sold as but not used as fuel [10](#)

Bows, quivers, broadheads, and points [9](#)

---

### C

Claims (Schedule C) [13](#)

Coal [8](#)

Communications:

Uncollected tax report [5](#)

Communications taxes [4](#)

---

### D

Deposits, How to make [11](#)

Diesel [5](#)

Diesel-water emulsion [5](#)

---

### E

Electric outboard motors [9](#)

Employer identification number [3](#)

Environmental taxes [4](#)

Exported taxable fuel [13](#)

---

### F

Final return [2](#)

Fishing rods and fishing poles [9](#)

Fishing tackle boxes [9](#)

Floor stocks [10](#)

Foreign insurance policies [7](#)

Form 6197 [8](#)

Form 6627 [4](#)

Form 720-V [10](#)

---

Fuel taxes [5](#)

---

### G

Gas guzzler automobiles:

One-time filing [8](#)

Gasoline [6](#)

---

### H

Help, additional [2](#)

How to file:

Zero tax [2](#)

---

### I

Indoor tanning services [9](#)

Inland waterways fuel use tax [10](#)

Interest, Penalties and [2](#)

---

### K

Kerosene [5](#)

Kerosene for use in aviation [5](#)

---

### M

Manufacturers taxes [8](#)

---

### N

Name and address [3](#)

---

### O

Obligations not in registered form [7](#)

ODCs [4](#), [10](#)

One-time filing [8](#)

Other fuels, tax rates [5](#)

Ozone-depleting chemicals  
(ODCs) [4](#)

---

### P

Patient-centered outcomes research  
fee [8](#)

Payment of taxes [10](#)

Payment voucher [10](#)

---

Penalties and interest [2](#)

---

### R

Recordkeeping [2](#)

Retail tax [7](#)

---

### S

Schedule A (Excise Tax Liability) [12](#)

Schedule C (Claims) [13-18](#)

Schedule T (Two-Party Exchange  
Information Reporting) [12](#)

Section 40 fuels [10](#)

Ship passenger tax [7](#)

Sport fishing equipment [9](#)

---

### T

Tanning services, Indoor [9](#)

Taxable tires [8](#)

Taxes, Payment of [10](#)

Taxpayer Advocate [18](#)

Third Party Designee [3](#)

Tire credit, Section 4051(d) [7](#)

Tires, taxable [8](#)

Transportation by water [7](#)

Trucks, trailers, tractors [7](#)

Two-Party Exchange Information  
Reporting [12](#)

---

### U

Uncollected tax report [5](#)

Unresolved tax issues [18](#)

---

### V

Vaccines [8](#)

---

### W

When to deposit [11](#)

When to file [1](#)

Where to file [2](#)

---