

Instructions for Form 720

(Rev. January 2011)

Quarterly Federal Excise Tax Return



Department of the Treasury
Internal Revenue Service

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

What's New

Federal tax deposits must be made by electronic funds transfer. Beginning January 1, 2011, you must use electronic funds transfer to make all federal tax deposits (such as deposits of employment tax, excise tax, and corporate income tax). Forms 8109 and 8109-B, Federal Tax Deposit Coupon, cannot be used after December 31, 2010. Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you do not 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. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

To get more information about EFTPS or to enroll in EFTPS, visit www.eftps.gov or call 1-800-555-4477. Additional information about EFTPS is also available in Publication 966, The Secure Way to Pay Your Federal Taxes.

Biodiesel mixture, renewable diesel mixture, alternative fuels, and alternative fuel credits. The credits for biodiesel mixtures, renewable diesel mixtures, alternative fuels, and alternative fuel mixtures (lines 13a-13c, 14a-14c and 14e-14i) which had expired at the end of 2009, have been reenacted retroactive to January 1, 2010. See *Schedule C—Claims* on page 8 for more information.

Use of international air travel facilities (IRS No. 27). For amounts paid during 2011, the tax on international flights is \$16.30 per person for flights that begin or end in the United States, or \$8.20 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures).

Reminders

Exported gasoline blendstocks. Claims for exported gasoline blendstocks taxed at \$.001 per gallon are made on line 15b of Schedule C. 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 www.irs.gov/efile.

General Instructions

Purpose of Form

Use Form 720 and attachments to report liability by IRS No. and pay the excise taxes listed on the form.

Who Must File

You must file Form 720 if:

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

See *How To File* 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* on page 2.

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* on page 8.

Where To File

Send Form 720 to:

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

How To File

If you are not reporting a tax that you normally report, enter a zero on the appropriate line in Part I or II (Form 720). Also, if you have no tax to report, write "None" on line 3, Part III; sign and date the return.

If you have adjustments to liabilities reported for prior quarters, see Form 720X, Amended Quarterly Federal Excise Tax Return. Do not 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. Will not owe excise taxes that are reportable on Form 720 in future quarters.



If you are only filing to report zero tax and you will not 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

Avoid penalties and interest by filing returns and depositing and paying taxes when due. The law provides penalties for filing a return late; depositing taxes late; paying taxes late; willfully failing to collect and pay tax or file a return; negligence; and fraud. These penalties are in addition to the interest charged on late payments. The penalty for filing a return late will not be imposed if you can show that the failure to file a timely return is due to reasonable cause. Those filing after the due date must attach an explanation to the return to show reasonable cause.

Trust fund recovery penalty. If communications, air transportation, and indoor tanning 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 may also 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 are not 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 all federal excise taxes.
- Notice 2005-4. You can find Notice 2005-4 on page 289 of Internal Revenue Bulletin (IRB) 2005-2 at www.irs.gov/pub/irs-irbs/irb05-02.pdf.
- Notice 2005-24. You can find Notice 2005-24 on page 757 of IRB 2005-12 at www.irs.gov/pub/irs-irbs/irb05-12.pdf.
- Notice 2005-62. You can find Notice 2005-62 on page 443 of IRB 2005-35 at www.irs.gov/pub/irs-irbs/irb05-35.pdf.
- Notice 2005-80. You can find Notice 2005-80 on page 953 of IRB 2005-46 at www.irs.gov/pub/irs-irbs/irb05-46.pdf.
- Notice 2006-50. You can find Notice 2006-50 on page 1141 of IRB 2006-25 at www.irs.gov/pub/irs-irbs/irb06-25.pdf.
- Notice 2006-92. You can find Notice 2006-92 on page 774 of IRB 2006-43 at www.irs.gov/pub/irs-irbs/irb06-43.pdf.

- Notice 2007-11. You can find Notice 2007-11 on page 405 of IRB 2007-5 at www.irs.gov/pub/irs-irbs/irb07-05.pdf.
- Notice 2007-37. You can find Notice 2007-37 on page 1002 of IRB 2007-17 at www.irs.gov/pub/irs-irbs/irb07-17.pdf.
- Notice 2007-97. You can find Notice 2007-97 on page 1092 of IRB 2007-49 at www.irs.gov/pub/irs-irbs/irb07-49.pdf.
- Notice 2008-110. You can find Notice 2008-110 on page 1298 of IRB 2008-51 at www.irs.gov/pub/irs-irbs/irb08-51.pdf.
- Notice 2009-6. You can find Notice 2009-6 on page 311 of IRB 2009-3 at www.irs.gov/pub/irs-irbs/irb09-03.pdf.
- Notice 2011-10. You can find Notice 2011-10 on page 463 of IRB 2011-6 at <http://www.irs.gov/pub/irs-irbs/irb11-06.pdf>.

You may also 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 10:00 p.m. local time.

Private Delivery Services

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

- DHL Express (DHL): DHL Same Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): 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.



Private delivery services cannot 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 Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. 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 calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Specific Instructions

Name and Address

Type your name, address (including the suite, room, or other unit number), and the quarter ending date (month and year). If your address changes, check the address change box above Part I of Form 720.

P.O. box. If the post office does not deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

Foreign address. Enter the city, province or state, and country. Follow the country’s practice for entering the postal code. Do not 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)* on page 6. If you do not have an EIN, you may apply for one online. Go to the IRS website at www.irs.gov/businesses/small and click on the "Employer ID Numbers (EINs)" link. You may also apply for an EIN by calling 1-800-829-4933 (hours of operation are Monday – Friday, 7:00 a.m. to 10:00 p.m. local time), or you can fax or mail 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 excise tax activities, and claim any refunds, credits, and payments under the entity's employer identification number (EIN). These actions cannot 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, Credit for Federal Tax Paid on Fuels, 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 in the *Third Party Designee* section of Form 720. 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 are also 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 will not send notices to your designee.

You are not 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 one 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 the Department of the Treasury, Internal Revenue Service, Cincinnati, OH 45999. See Pub. 947 for more information.

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 in 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)* on page 8.

Air Transportation Taxes

Transportation of Persons by Air (IRS No. 26)

The tax on transportation of persons by air is made up of 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.

Who Must File

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

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

Domestic segment tax. For amounts paid for each domestic segment of taxable transportation of persons by air, the domestic segment tax is \$3.70 per segment for transportation that begins in 2011.

Example. In January 2011, Frank Jones pays \$265.40 to a commercial airline for a flight in January from Washington to Chicago with an intermediate stop in Cleveland. The flight comprises two segments. The price includes the \$240 fare and \$25.40 excise tax $[(\$240 \times 7.5\%) + (2 \times \$3.70)]$ 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, 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 2011, Tim Clark pays \$1,126.80 to an air charter service to carry seven employees from Washington to Detroit with an intermediate stop in Pittsburgh. The flight comprises two segments. The price includes the \$1,000 charter payment and \$126.80 excise tax $[(\$1,000 \times 7.5\%) + (2 \times \$3.70 \times 7 \text{ passengers})]$ 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 does not apply.

Transportation of Property by Air (IRS No. 28)

The tax is 6.25% of amounts paid for transportation of property by air.

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

For amounts paid during 2011 the tax on international flights is:

- \$16.30 per person for flights that begin or end in the United States, or
- \$8.20 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 is 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)* on page 8.

Where to file. Do not file the uncollected tax report with Form 720. Instead, mail the report to:

Internal Revenue Service
Excise Tax Program
SE:S:SP:EX MS C9-109
5000 Ellin Rd.
Lanham, MD 20706

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:

- 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; and
- 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 fuel (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 fuel by blending biodiesel with taxed diesel fuel outside of the bulk transfer/terminal system, report these gallons of biodiesel on line 60(c). If you report gallons on line 60(c), do not 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.

Also see *Schedule T—Two-Party Exchange Information Reporting* on page 10 if applicable.

Diesel-water fuel emulsion (IRS No. 104). If you are liable for the reduced rate (see below) of tax on a diesel-water fuel 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 fuel emulsion must contain at least 14% water, (b) the emulsion additive must be registered by a United States manufacturer with the EPA under section 211 of the Clean Air Act (as in effect on March 31, 2003), and (c) the taxpayer must be registered by the IRS. If these requirements are not met, you must report the sale, removal, or use of a diesel-water fuel emulsion as diesel fuel.

IRS Nos. 105, 107, 119, and 111. Tax is imposed at \$.001 per gallon on removals, entries, and sales of gasoline, diesel fuel, and kerosene described as exempt transactions.

- IRS No. 105, Dyed diesel fuel, 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 fuel 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.

Multiply the total number of gallons subject to tax for each fuel by \$.001 and make the entry in the tax column.

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.

Also see *Schedule T—Two-Party Exchange Information Reporting* on page 10 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.

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
Qualified—	
Ethanol produced from coal184
Methanol produced from coal184
Partially exempt—	
Ethanol produced from natural gas114
Methanol produced from natural gas0925
B-100 (100% biodiesel)244
Liquefied gas derived from biomass184
Other fuels not shown184

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(c). If you report gallons on line 62(c), do not report those gallons on line 62(b).

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

Also see *Schedule T—Two-Party Exchange Information Reporting* on page 10 if applicable.

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

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 Internal Revenue Code 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
Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	122
Liquid fuel derived from biomass	123
Liquefied natural gas (LNG)	124

LPG includes propane, butane, pentane, or mixtures of those gases. CNG is taxed at \$.183 per gasoline gallon equivalent (126.67 cubic feet).

Retail Tax

Truck, trailer, and semitrailer chassis and bodies, and tractors (IRS No. 33)

The tax is 12% (.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 do not 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 means the maximum total weight of a loaded vehicle. Generally, this maximum total weight is the gross vehicle weight rating provided by the manufacturer or determined by the seller of the completed article. The seller’s gross vehicle weight 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 gross vehicle weight. 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 IRB 2005-14 at www.irs.gov/pub/irs-irbs/irb05-14.pdf.

Section 4051(d) tire credit. A tax credit may be taken 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 15a.

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.

Manufacturers Taxes



Do not 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% (.044) 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% (.044) 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 does not 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 do not import gas guzzling automobiles in the course of your trade or business.
- You are not 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* on page 1.
2. Pay the tax with Form 720. No deposits are required.
3. If you are an individual and do not have an employer identification number (EIN), enter your social security number (SSN) or individual taxpayer identification number (ITIN) on Form 720 and Form 720-V 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
- Is any trivalent vaccine against influenza.

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.

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.

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 1st 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 do not have an EIN, see *Employer Identification Number (EIN)* on page 3.

Where to file. All filers should mail Form 720 with the attached Form 8833 or disclosure statement to:

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

Also, see the *Caution* under *Private Delivery Services*.

Part II

Sport fishing equipment (other than fishing rods and fishing poles) (IRS No. 41). The tax on sport fishing equipment is 10% (.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% (.03) 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% (.03) 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% (.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 is also 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 \$.45 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 does not 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 is not 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).

For indoor tanning services paid for after June 30, 2010, the tax is 10% of the amount paid. The tax is paid by the person paying for the indoor tanning services 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 submit the tax and file the return. If the collector does not collect the tax for any reason, the collector is liable for the tax. Enter the amount of tax collected (or due from the collector for failing to collect the tax) for the quarter.

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 does not 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-1T for more information.

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 must also be reported under IRS No. 125 (discussed next).



The inland waterways fuel use tax applies at the rate listed on Form 720. 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 is not 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.

Alcohol and cellulosic biofuel sold as but not used as fuel (IRS No. 51). An excise tax is imposed if the alcohol fuel mixture credit, alcohol credit, or cellulosic biofuel producer credit was claimed and **any person** later (a) uses a mixture, straight alcohol, or cellulosic biofuel for a purpose other than fuel, (b) separates the alcohol from the mixture, or (c) mixes the straight alcohol.

Use the following table to determine the tax for each gallon of alcohol. The tax rate for cellulosic biofuel that is not alcohol is \$1.01 per gallon (\$.46 per gallon if the cellulosic biofuel is ethanol and \$.41 per gallon if the cellulosic biofuel is alcohol). Fill in the number of gallons and the appropriate rate in the *Rate* column on the line for IRS No. 51. 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.

IF the alcohol is...	AND...	THEN the tax rate per gallon is...
at least 190 proof	• is ethanol	\$.45
	• is methanol	.60

IF the alcohol is...	AND...	THEN the tax rate per gallon is...
	• benefited from the small ethanol producer credit	.55
at least 150 proof but less than 190 proof	• is ethanol	\$.3333
	• is methanol	.45
	• benefited from the small ethanol producer credit	.4333

Biodiesel sold as but not used as fuel (IRS No. 117). An excise tax is imposed if the (a) biodiesel or renewable diesel mixture credit or (b) biodiesel or renewable diesel credit was claimed and **any person** later (a) uses a mixture or straight biodiesel or renewable diesel for a purpose other than as fuel, (b) separates the biodiesel or renewable diesel from the mixture, or (c) mixes the straight biodiesel or renewable diesel.

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 16. See the instructions for *Schedule C—Claims* on page 10.

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 do not 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, do not file Form 720-V, Payment Voucher.



If you do not 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 in Part I (Form 720) does not 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)* on page 6.
- The liability is for taxes listed in Part II (Form 720), except for the floor stocks tax that generally requires a single deposit.

How To Make Deposits

To avoid a penalty, make your deposits timely and do not 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. The IRS has issued regulations under section 6302 which provide that beginning January 1, 2011, you must deposit all depository taxes (such as excise tax, employment tax, or corporate income tax) by electronic funds transfer. Forms 8109 and 8109-B, Federal Tax Deposit Coupon, cannot be used after December 31, 2010.

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).

Same-day payment option. If you fail to initiate a deposit transaction on EFTPS by 8 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 Application (FTA). If you want to use this same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Check with your financial institution about 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 www.eftps.gov to download the Same-Day Payment Worksheet.



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 in Part I of Form 720 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 is not 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 3rd business day after the 7th day of that period.

Example. The tax included in amounts billed or tickets sold for the period June 16–30, 2011, is considered

collected from July 16–22, 2011, and must be deposited by July 27, 2011.

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 1st 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 cannot 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* on page 4.

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.

Special rule for deposits of taxes in September 2011. If you are required to make deposits, see the chart below. The special rule does not apply to taxes not required to be deposited (see *Payment of Taxes* on page 8). 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 2011

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

¹See *Electronic deposit requirement* on page 8.



For the remaining days in September, be sure to make your deposits by the regular due date.

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* below.

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 is not 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 2nd 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 does not apply to:

- The 1st and 2nd 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; or
- 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:

- Make each deposit timely at an authorized financial institution, and
- Pay any underpayment for the current quarter by the due date of the return.

If you meet the requirements and use the safe harbor rule, 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.

Schedule A—Excise Tax Liability

How to complete. Complete Schedule A to record net tax liabilities for 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. The amounts billed for communications services from June 1–15, 2010, are considered collected during the period July 1–7, 2010, and are reported for the

3rd quarter of 2010 on Schedule A in box **M**, not the 2nd quarter of 2010.

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:

Regular method taxes Enter the tax liability for the period beginning September 16 and ending September 25/26 in box **G**, Special rule for September.

Alternative method taxes Enter the tax included in amounts billed or tickets sold during the period beginning September 1 and ending September 10/11 in box **S**, Special rule for September box on the **4th quarter return**.

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

Regular method taxes Enter the liability for the period beginning September 26/27 and ending September 30 in box **F**.

Alternative method taxes Enter the tax included in the amounts billed or tickets sold for the period beginning September 11/12 and ending September 15 in box **M** of the **4th quarter return**. Enter the tax included in amounts billed or tickets sold during the period beginning September 16 and ending September 30 in box **N** of the **4th quarter return**.

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—Two-Party Exchange Information Reporting is used to report gallons of taxable fuel:

- Received in a two-party exchange within a terminal. These gallons must also be included on the appropriate line on page 1 of Form 720, or
- Delivered in a two-party exchange contemporaneous 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 do not

follow the required procedures or do not 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.

Do not use Schedule C:

- If you are not reporting a liability on Form 720, in Part I or Part II;
- To claim amounts that you took or will take as a credit 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 (see the *Caution* below);
- To make adjustments to liability reported on Forms 720 filed for prior quarters, 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.



If you make a claim for alcohol, biodiesel or renewable diesel, or alternative fuel, a claim for refund or credit on Form 8849, Form 4136, Form 6478, or Form 8864 can only be made after the sum of the alcohol fuel mixture credit, biodiesel or renewable diesel mixture credit, alternative fuel credit, and alternative fuel mixture credit is first applied to reduce your taxable fuel liability reported on Form 720 for any particular quarter. See Pub. 510, Notice 2005-4, and Notice 2005-62 for more information.

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 fuel 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 is not used on a highway
13	Exclusive use by a nonprofit educational organization

No.	Type of Use
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 15b–15d. The following requirements must be met.

1. The amount of the claim must be at least \$750 (combining amounts on lines 1, 2, 3, 4, 5, 6, 15b, 15c, and 15d). This amount may be met by:
 - a. Making a claim for fuel used during any quarter of a claimant's income tax year, or
 - b. Aggregating amounts from any quarters of the claimant's income tax year for which no other claim has been made.
2. 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.
3. Only one claim may be filed for any quarter.
4. The fuel must have been used for a nontaxable use during the period of claim.
5. The ultimate purchaser is the only person eligible to make the claim.

If requirements 1–3 above are not met, see *Annual Claims* on page 15.

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 15b and 15c. 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* above. Type of use 2 does not 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* above.

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 Fuel



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

Allowable uses. For line 3a, the diesel fuel must have been used during the period of claim for type of use 2, 6, 7,

8, or 12. For exported undyed diesel fuel, see *Exported taxable fuel* above. Type of use 2 does not 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* above. Type of use 2 does not 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 has not 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
6a	\$.109
6b	.110
6c	.109*
6d	.110
6e	.17
6f	.17
6g	.169
6h	.110

* This is the claim rate per gasoline gallon equivalent (126.67 cubic feet of CNG).

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

instructions for Form 637, Application for Registration (For Certain Excise Tax Activities)), on the applicable line for your claim. If you are not 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 Fuel

Claimant. For line 7a, the registered ultimate vendor of the diesel fuel 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 with respect to any gallon of diesel fuel.

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 fuel 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 are not met, see *Annual Claims* on page 15.

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 fuel was sold and the number of gallons sold to each.

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

Claimant. For line 7b, the registered ultimate vendor of the diesel fuel 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 with respect to any gallon of diesel fuel.

Claim requirements. The following requirements must be met.

1. The claim must be for diesel fuel 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 are not met, see *Annual Claims* on page 15.

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 with respect to 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 are not met, see *Annual Claims* on page 15.

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 with respect to 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 are not met, see *Annual Claims* on page 15.

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 with respect to 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 are not met, see *Annual Claims* on page 15.

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 with respect to 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 are not met, see *Annual Claims* on page 15.

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 with respect to 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.

Line 12. Alcohol Fuel Mixture Credit

Claimant. The person that produced and sold or used the mixture in their trade or business is the only person eligible to make this claim. The credit is based on the gallons of alcohol in the mixture.

How to claim the credit. Any alcohol fuel mixture credit must first be taken on Schedule C to reduce your taxable fuel liability for gasoline, diesel fuel, and kerosene reported on Form 720. Any excess credit may be taken on Schedule

C (Form 720), Form 8849, Form 4136, or Form 6478. See Notice 2005-4 and Notice 2005-62 for more information.

Claim requirements. The alcohol fuel mixture credit may not be claimed for alcohol produced outside the United States for use as a fuel outside the United States. The United States includes any possession of the United States. The following requirements must be met if the credit exceeds the amount of taxable fuel liability reported.

1. The claim must be for an alcohol fuel mixture 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 12, 13, and 14 may be combined.

If requirements 1 and 2 above are not met, see *Annual Claims* on page 15.

Registration number. If you are a registered blender or a taxable fuel registrant, enter your registration number on line 12.

Line 13. Biodiesel or Renewable Diesel Mixture Credit

Claimant. The person that produced and sold or used the mixture in their trade or business is the only person eligible to make this claim. The credit is based on the gallons of biodiesel or renewable diesel in the mixture.



Renewable diesel does not include any fuel derived from coprocessing biomass (as defined in section 45K(c)(3)) with a feedstock that is not biomass.

How to claim the credit. Any biodiesel or renewable diesel mixture credit must first be taken on Schedule C to reduce your taxable fuel liability for gasoline, diesel fuel, and kerosene reported on Form 720. Any excess credit may be taken on Schedule C (Form 720), Form 8849, Form 4136, or Form 8864. See Notice 2005-4 and item 4 below for more information.

Claim requirements. The biodiesel mixture credit may not be claimed for biodiesel produced outside the United States for use as a fuel outside the United States. The United States includes any possession of the United States. Requirements 1 and 2 must be met only if the credit exceeds the amount of taxable fuel liability reported. Requirements 3 and 4 must be met for all claims.

1. The claim must be for a biodiesel or renewable diesel mixture 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 12, 13, and 14 may be combined.
3. The biodiesel used to produce the biodiesel mixture must meet ASTM D6751 and meet the Environmental Protection Agency's (EPA) registration requirements for fuels and fuel additives under section 211 of the Clean Air Act. The renewable diesel used to produce the renewable diesel mixture must be derived from biomass, meet ASTM D975, D396, or other equivalent standard approved by the IRS, and meet EPA's registration requirements for fuels and fuel additives under section 211 of the Clean Air Act. Renewable diesel also includes fuel derived from biomass that meets a Department of Defense specification for military jet fuel or an ASTM specification for aviation turbine fuel. For a renewable diesel mixture used in aviation, kerosene is treated as if it is diesel fuel.
4. The Certificate for Biodiesel and, if applicable, Statement of Biodiesel Reseller must be attached to the first claim filed that is supported by the certificate or statement. For the renewable diesel mixture credit, you must edit the certificate and, if applicable, statement to indicate that the fuel to which the certificate and statement relate is renewable diesel and state that the renewable diesel meets

the requirements discussed above under requirement 3. See Model Certificate O and Model Statement S in Pub. 510. If the certificate and statement are not attached to Form 720 because they are attached to a previously-filed claim on Schedule 3 (Form 8849), attach a separate sheet with the following information.

- a. Certificate identification number.
- b. Total gallons of biodiesel or renewable diesel on certificate.
- c. Total gallons claimed on Schedule 3 (Form 8849).
- d. Total gallons claimed on Schedule C (Form 720), line 13.

If requirements 1 and 2 above are not met, see *Annual Claims* on page 15.

Registration number. If you are a registered blender or a taxable fuel registrant, enter your registration number on line 13.

Line 14. Alternative Fuel Credit and Alternative Fuel Mixture Credit

Claimant. For the alternative fuel credit, the registered alternative fueler who (1) sold an alternative fuel at retail and delivered it into the fuel supply tank of a motor vehicle or motorboat, (2) sold an alternative fuel, delivered it in bulk for taxable use in a motor vehicle or motorboat, and received the required statement from the buyer, (3) used an alternative fuel (not sold at retail or in bulk as previously described) in a motor vehicle or motorboat, or (4) sold an alternative fuel for use as a fuel in aviation is the only person eligible to make this claim.

For the alternative fuel mixture credit, the registered alternative fueler that produced and sold or used the mixture as a fuel in their trade or business is the only person eligible to make this claim. The credit is based on the gallons of alternative fuel in the mixture.

How to claim the credit. Any alternative fuel credit must first be taken on Schedule C to reduce your liability for alternative fuel and CNG reported on Form 720. Any alternative fuel mixture credit must first be taken on Schedule C to reduce your taxable fuel liability for gasoline, diesel fuel, and kerosene reported on Form 720. Any excess alternative fuel credit and alternative fuel mixture credit may be taken on Schedule C (Form 720), Form 8849, or Form 4136.

Carbon capture requirement. A credit for liquid fuel derived from coal (including peat) through the Fischer-Tropsch process can be claimed only if the fuel is derived from coal produced at a gasification facility that separates and sequesters at least 75% of the facility's total carbon dioxide emissions.

Claim requirements. The alternative fuel credit and alternative fuel mixture credit may not be claimed for alternative fuel produced outside the United States for use as a fuel outside the United States. The United States includes any possession of the United States. To claim either credit, you must be registered by the IRS. To claim the alternative fuel mixture credit, the following requirements must be met if the credit exceeds the amount of taxable fuel liability reported.

1. The claim must be for an alternative fuel mixture sold or used (as described under *Claimant* above) during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet the minimum, amounts from lines 12, 13, and 14 may be combined.

If requirements 1 and 2 above are not met, see *Annual Claims* on page 15.

Registration number. You must enter your registration number in the space provided.

Form 720X. If you are not registered, you cannot make a claim at this time. Use Form 637 to apply for registration. After you are registered by the IRS, file Form 720X to claim the credit for this period.

Annual Claims

If a claim on lines 1–9, 12–14, or 15b–15e was not made for any gallons, an annual claim may be made. 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 an alcohol fuel mixture and biodiesel mixture, or used in mobile machinery. See Form 4136 for more information.

Line 15. Other Claims

For claims under section 6416(b)(2) relating to certain uses and resales of certain articles subject to manufacturers or retailers 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 15b and 15c. Exported Dyed Diesel Fuel, Exported Dyed Kerosene, and Exported Gasoline Blendstocks Taxed at \$.001

A claim may be made for dyed diesel fuel 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 15b. See *Exported taxable fuel* on page 11. 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 15d. Diesel-Water Fuel Emulsion

Generally, the claim rate for the nontaxable use of a diesel-water fuel 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 15d.

The claim rate for undyed diesel fuel taxed at \$.244 (CRN 310) and used to produce a diesel-water fuel emulsion is \$.046 per gallon of diesel fuel so used (blender claims). The claimant must attach a statement certifying that (a) the claimant produced a diesel-water fuel emulsion containing at least 14% water, (b) the emulsion additive is registered by a United States manufacturer with the EPA under section 211 of the Clean Air Act (as in effect on March 31, 2003), (c) the claimant used undyed diesel fuel taxed at \$.244 to produce the diesel-water emulsion, and (d) the claimant sold or used the diesel-water fuel 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 15d and enter the applicable CRN.

Claim requirements. See *Claim requirements for lines 1–6 and lines 15b–15d* on page 11.

Line 15e. Registered Credit Card Issuers

Allowable sales. The gasoline (CRN 362), aviation gasoline (CRN 324), diesel fuel (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 fuel, 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. Has not 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 of these conditions is not 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 fuel, 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 15e, 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 15i–15k, or attach a separate sheet listing the fuels, amount, and CRN.

If requirements 1–3 above are not met, see *Annual Claims* above. However, annual claims cannot 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

Lines 15f–15h. 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 15i–15k. Other Claims



Do not use lines 15i–15k to make communications tax claims for nontaxable service. See Communications Taxes on page 3.

Use lines 15i–15k 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
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 have not been fixed through normal channels.

While Taxpayer Advocates cannot 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 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 filers and paid preparers to provide their identification numbers. 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 may also 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, interest, or subject you to criminal prosecution.

You are not 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	28 hr., 54 min.	2 hr., 5 min.	6 hr., 13 min.
720-V	1 hr., 11 min.	— —	1 min.
Sch. A	3 hr., 49 min.	— —	3 min.
Sch. T	1 hr., 54 min.	— —	1 min.
Sch. C	42 hr., 48 min.	53 min.	1hr., 37 min.
720X	6 hr., 13 min.	18 min.	24 min.
6197	7 hr., 10 min.	12 min.	19 min.
6627	14 hr., 5 min.	6 min.	19 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms and related schedules simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send the tax forms to this office. Instead, see *Where To File* on page 1.

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