



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.24.22

JANUARY 13, 2023

EFFECTIVE DATE

(01-13-2023)

PURPOSE

- (1) This transmits revised IRM 4.24.22, Excise Tax, Campus Procedures for Excise Taxes.

MATERIAL CHANGES

- (1) IRM 4.24.22.1.2 - Added new content to the Form 720 table.
- (2) IRM 4.24.22.1.4 - Added new content to the acronyms table.
- (3) IRM 4.24.22.3 - Added new content for Form 8864 procedures.
- (4) IRM 4.24.22.3.2 - Added new content for excise tax research.
- (5) IRM 4.24.22.4 - Added new content for excise tax procedures.
- (6) IRM 4.24.22.4.1.4.1 - Added new content for environmental taxes.
- (7) IRM 4.24.22.4.1.4.3 - Added new content for air transportation taxes.
- (8) IRM 4.24.22.4.1.4.4 - Added new content for fuel taxes.
- (9) IRM 4.24.22.4.1.4.4.2 - Added new content for diesel fuel.
- (10) IRM 4.24.22.4.1.4.5 - Added new content for retail tax.
- (11) IRM 4.24.33.4.1.5.5 - Added new content for Section 40 fuels.
- (12) IRM 4.24.22.4.1.5.8 - Added new subsection for repurchase of corporate stock.
- (13) IRM 4.24.22.4.1.6.3 - Added new content to fuel mixtures and alternative fuel claims.
- (14) IRM 4.24.33.4.1.6.4 - Added new content to Other claims (Line 14).
- (15) IRM 4.24.22.4.1.7 - Added new content to Form 720-X credits.
- (16) IRM 4.24.22.4.1.9 - Added content to Form 720-CS.
- (17) IRM 4.24.22.4.1.12 - Added language to reflect procedural changes for duplicate filed returns.
- (18) IRM 4.24.22.4.2.19 - Added language to reflect procedural changes for duplicate filed returns.
- (19) IRM 4.24.22.4.5.2 - Added processing instructions for Schedule 1 claims.
- (20) IRM 4.24.22.4.5.4 - Added content processing Schedule 3 claims.
- (21) IRM 4.24.22.4.5.6.1 - Added content to Schedule 6 claims.
- (22) IRM 4.24.22.4.5.6.3 - Added new subsection for processing Schedule 6 chemicals.
- (23) Editorial changes have been made throughout this IRM. IRM references and hyperlinks were reviewed and updated as necessary.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.24.22 dated August 10, 2021. The following IPU content has been incorporated into this IRM; IPU 21U1087 dated September 3, 2021.

AUDIENCE

This IRM provides procedural guidance for Cincinnati Centralized Specialty Tax operation employees assigned to resolve issues involving Business Master File (BMF) Excise Tax Returns.

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Small Business/Self Employed Division

4.24.22

Campus Procedures for Excise Taxes

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4.24.22.1
(08-10-2021)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides guidance to the Cincinnati Centralized Specialty Tax operation for addressing/resolving taxpayer correspondence, telephone inquiries and Taxpayer Assistance Centers issues relating to Excise Tax.
- (2) **Audience:** The primary audience for this IRM is the Cincinnati Centralized Specialty Tax operation managers and employees assigned to resolve issues involving Business Master File (BMF) Excise Tax Returns.
- (3) **Policy Owner:** Director, Small Business/Self-Employed (SB/SE), Headquarters, Examination - Field and Campus Policy.
- (4) **Program Owner:** Program Manager, Campus Examination and Field Support.
- (5) **Program Goals:** The program goals are to ensure the timely processing of correspondence, amended returns and the classification and processing of fuel claims on all Excise related forms, including Form 2290, Form 720, Form 730, Form 11-C and Form 8849.
- (6) **Contact Information:** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.6, Providing Feedback About an IRM Section - Outside of Clearance.

4.24.22.1.1
(08-10-2021)
Background

- (1) The federal government levies excise taxes to finance general government activities and specific programs. Excise taxes are assessed on the sale, use, or inventory of various types of goods, services, or activities. The taxes may be imposed at the time of the sale by the manufacturer, the sale by the retailer, or use by the consumer.
- (2) Since there are numerous legislative changes to excise tax law and procedures throughout the tax year, the procedures in this IRM correlate with the excise tax forms and publications.
- (3) The IRM 4.24.22 addresses the excise tax situations most frequently encountered by the campus. The guidance contained in the IRM 4.24.22 and other applicable IRMs cannot address every possible taxpayer inquiry. If the taxpayer's inquiry cannot be resolved by using the available references, it may be necessary to consult the lead or manager to determine the appropriate action. Any issue or question that cannot be resolved at the site-level or could have Servicewide impact should be elevated to the appropriate Planning & Analysis (P&A) policy analyst with program responsibility.

Note: By following the processes and procedures outlined in this IRM, the Excise Tax Program will measure performance, customer satisfaction, employee satisfaction, and business results for the employees and the organization. The group manager conducts technical, procedural, and administrative reviews. These reviews include workload, closed case, in process, technical time report reviews, etc. All documented reviews are recorded in the Embedded Quality Review System (EQRS). EQRS links the quality attributes to the employee's critical job elements and provides the group manager with employee performance reports. The National Quality Review System (NQRS) is a parallel system that uses quality attributes to provide an assessment of organizational quality results.

4.24.22.1.2
(01-13-2023)

Authority

- (1) The most significant statutes affecting excise taxes are dedicated to the associated trust funds or general revenue authorized by the applicable IRC Sections listed in the table below.

Form	Type of Excise Tax	IRC	Trust Fund
720	Air Transportation of Persons and Property	4261-4263, 4271-4272, 4281-4282, 4291, 6672, 7501	Airport and Airways Air Transportation
720	Coal	4121	Black Lung Disability
720	Communications	4251-4253, 4291, 6672, 7501	General
720	Ozone Depleting Chemicals	4681-4682	General
720	Foreign Insurance	4371-4374	General
720	Gas Guzzler	4064, 4221-4222	General
720	Indoor Tanning	5000B	General
720	Inland Waterways	4042	Inland Waterways Trust
720	Leaking Underground Storage Tank	4041, 4042, 4081	Leaking Underground Storage Tank
720	Medical Device	4191 (Repealed)	General
720	Retail Truck	4051-4053, 4221-4222	Highway
720	Ship Passenger	4471-4472	General
720	Sports Fishing/ Bows and Arrow Shafts	4161-4162, 4221-4222	Sport Fishing Restoration and Boating, Wildlife Restoration
720	Tax on Fuels (gasoline, diesel fuel, kerosene, other fuels)	4041, 4081, 4082	Highway, Airport and Airway

Form	Type of Excise Tax	IRC	Trust Fund
720	Oil Spill Tax	4611-4612	Oil Spill Liability
720	Tires	4071-4073, 4221-4222	Highway
720	Vaccines	4131-4132	Vaccine Injury Compensation
720	Obligations not in Registered Form	103, 149, 163, 4701	General
720	Patients-Centered Outcomes Research Institute (fee)	4375-4377	Patients-Centered Outcomes Research Trust Fund
720	Repurchase of Corporate Stock (effective January 1, 2023)	4501	General
720	Hazardous Substance Superfund Financing Rate (effective January 1, 2023)	4611-4612	Hazardous Substance Superfund
720	Superfund Chemical and Imported Chemical Substances	4661-4662	Hazardous Substance Superfund
720	Superfund Chemical and Imported Chemical Substances	4671-4672	Hazardous Substance Superfund
730	Wagering	4401-4405, 4441-4412, 4421-4424	General
11-C	Occupational Tax and Registration Return for Wagering	4411	General

Form	Type of Excise Tax	IRC	Trust Fund
2290	Heavy Highway Vehicle Use	4481-4483	Highway

4.24.22.1.3
(08-10-2021)
Responsibilities

- (1) The Director Examination - Field and Campus Policy, reports to the Director Headquarters Examination, and is responsible for the delivery of policy and guidance that impacts the field and campus examination processes. See IRM 1.1.16.3.5.1, Field and Campus Policy, for additional information.
- (2) Campus Exam and Field Support, which is under the Director, Examination - Field and Campus Policy, is the group responsible for providing Servicewide policy guidance on compliance processes that relate to campus examination operations and support Field Exam and Specialty programs in SB/SE. See IRM 1.1.16.3.5.1.5, Campus Exam and Field Support, for additional information.
- (3) The Taxpayer Bill of Rights (TBOR) lists rights that already exist in the tax code, putting them in simple language and grouping them into 10 fundamental rights. Employees are responsible for being familiar with and acting in accord with taxpayer rights. See IRC 7803(a)(3), Execution of Duties in Accord with Taxpayer Rights. For additional information about the TBOR, see *Taxpayer Bill of Rights* and Policy Statement 1-236 in IRM 1.2.1.2.36. The TBOR is now part of the Internal Revenue Code passed by Congress as part of Pub. L. No. 114-113, Div. Q, Title IV, 401(a), Dec. 18, 2015.

4.24.22.1.4
(01-13-2023)
**Terms/Definitions/
Acronyms**

- (1) Below are acronyms frequently referenced throughout this IRM:

Acronym	Definition
ABS	Abstract Number
CAT-A	Category A (Classification)
CRN	Credit Reference Number
DGE	Diesel Gallon Equivalent
EFTPS	Electronic Federal Tax Payment System
GGE	Gasoline Gallon Equivalent
GVW	Gross Vehicle Weight
IAT	Integrated Automation Technology
IRC	Internal Revenue Code
LUST	Leaking Underground Storage Tank
ODCs	Ozone Depleting Chemicals

Acronym	Definition
PCOR	Patient-Centered Outcomes Research
SB/SE	Small Business Self-Employed
TAS	Taxpayer Advocate Service
TTB	Tax and Trade Bureau
TTG	Telephone Transfer Guidance

4.24.22.1.5
(08-10-2021)

Related Resources

- (1) Refer to IRM 4.24.17, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures, for information about ExSTARS compliance examinations, case processing, penalty procedures and Appeals procedures.
- (2) Refer to IRM 21.2.4, Master File Accounts Maintenance, for procedures to resolve freezes or unsettled conditions.
- (3) Refer to IRM 21.4.4, Manual Refunds, for information on manual refunds and research procedures to be used when issuing manual refunds.
- (4) Refer to IRM 21.5, Account Resolution, for procedures in processing all general account resolutions, including adjustments, claims, unpostables, credit transfers, etc.
- (5) Refer to IRM 21.7.9, BMF Duplicate Filing Conditions, for procedures in resolving inquiries and account issues regarding BMF duplicate filing conditions.
- (6) Refer to IRM 3.17.41, Excise Reporting, for procedures for the analysis and balancing of the Treasury 90 (Gas and Oil) Reports.

4.24.22.2
(08-10-2021)

Excise Tax Forms and Publications

- (1) The following Excise tax returns and claims are worked at the Cincinnati Campus:
 - Form 637, Application for Registration (For Certain Excise Tax Activities),
 - Form 720-X, Amended Quarterly Federal Excise Tax Return,
 - Form 720-TO, Terminal Operator Report,
 - Form 720-CS, Carrier Summary Report, and
 - Form 8849, Claim for Refund of Excise Taxes.
- (2) The following Excise tax returns and amended returns are processed at the Ogden Campus:
 - Form 11-C, Occupational Tax and Registration Return for Wagering,
 - Form 720, Quarterly Federal Excise Tax Return,
 - Form 730, Monthly Tax Return for Wagers, and
 - Form 2290, Heavy Highway Vehicle Use Tax Return.
- (3) The Publication 510, Excise Taxes, provides information on excise taxes reported on Form 720, Quarterly Federal Excise Tax Return, and other forms.

In addition, it covers fuel tax credits and refunds. This publication does not cover Form 2290, Heavy Highway Use Tax Return, Form 11-C, Occupational Tax and Registration Return for Wagering, or Form 730, Monthly Tax Return for Wagers. The information on heavy highway vehicle use and wagering tax can be found in the form instructions.

4.24.22.3
(01-13-2023)
**Excise Tax
Centralization**

- (1) Forward all centralized excise claims, returns, or adjustment requests to the Cincinnati Campus for processing. The following address should be used for internal mail routing:

Internal Revenue Service

Excise Operation, Stop: 5701-G

7940 Kentucky Drive

Florence, KY 41042

- (2) The Form 4136, Credit for Federal Tax Paid on Fuels, Form 8864, Biodiesel and Renewable Diesel Fuels Credit, and Form 6478, Biofuel Producer Credit, **are not** centralized at the Cincinnati Campus. These forms are attached to an income tax return and processed at the Submission Processing Center where the taxpayer files the related income tax return. The related correspondence and amended income tax returns are processed at the appropriate campus.
- (3) The Form 4136 Individual Master File (IMF) processing procedures are under IRM 21.6.3.4.2.6.1, Fuel Tax Claims, and the Business Master File (BMF) processing procedures are under IRM 21.7.4.4.9.1, Form 4136, Credit for Federal Tax Paid on Fuels.
- (4) See IRM 21.6.3.4.1.11, Form 6478, Biofuel Producer Credit or IRM 21.7.4.4.8.3.4, Form 6478, Biofuel Producer Credit, for Form 6478 procedures.
- (5) See IRM 21.6.3.4.1.32 Form 8864, Biodiesel and Renewable Diesel Fuels Credit or IRM 21.7.4.4.8.3.22, Form 8864, Biodiesel and Renewable Diesel Fuels Credit for Form 8864 procedures.

4.24.22.3.1
(08-10-2021)
**Excise Operations
Telephone Transfer
Guidance (TTG)**

- (1) Centralized Excise inquiries received by Accounts Management (AM) Customer Service Representatives (CSR) are considered out of scope. The CSR may prepare a referral (IRM 21.3.5, Taxpayer Inquiry Referrals Form 4442) or transfer the call as follows:

Note: Sites that have the Infrastructure Upgrade Project (IUP) numbers should use the four-digit number to transfer calls.

If	Then
Tax Law issues relating to Excise taxes	See IRM 21.1.1.3, Customer Service Representative (CSR) Duties, for new tax law procedures.

If	Then
Installment Agreement/ Reinstatement requests and installment agreement payment inquiries	Transfer #1089
Account issues related to Excise taxes	Transfer #90284 IUP #3021 Note: Advise the caller that you are going to attempt to transfer the call to the Excise toll-free number and provide the number, 1-866-699-4096, to the caller. If the call does not go through, they can dial that number directly (See hours of operation in paragraph (4) below).
Tax Law issues relating to Afford- able Care Act (ACA) Excise Tax, Indoor Tanning Services, Medical Device, and Patient-Centered Outcomes Research (PCOR) Trust Fund Fee	Transfer #92113 IUP #1113

- (2) Centralized Specialty Tax Operations at the Cincinnati Campus cannot answer payment installment inquiries or initiate installment agreements (Status 60 accounts). Route installment agreement calls to #1089.

Note: Do not send the Form 2290 filer a stamped Schedule 1 after the first installment agreement payment. The tax must be paid in full before a stamped Schedule 1 can be issued to the taxpayer. All Schedule 1 requests must be referred to the Excise Operations for consideration.

- (3) Before disclosing any tax information, you must be sure you are speaking with the taxpayer or authorized representative. See the Taxpayer Authentication guidelines in IRM 21.1.3.2, General Disclosure Guidelines. Also, before leaving any messages on a taxpayer's answering machine, review IRM 11.3.2.6, Methods for Communications of Confidential Information. Fax procedures contained in IRM 10.8.1.3.18.6.2.2, Facsimile and Facsimile Devices, must be reviewed prior to faxing confidential information to the taxpayer.
- (4) The Excise Operation phone numbers are listed below:

If taxpayer is calling from:	Then they may call this number:
The United States	1-866-699-4096 (toll-free)
Canada or Mexico	1-859-320-3581 (not toll-free)

Note: The hours of operation are Monday through Friday, 8:00 a.m. to 6:00 p.m. EST. Calls cannot be transferred to Centralized Excise at any other time. Customers cannot leave a message.

- (5) An AM CSR may transfer a misapplied payment to a Form 2290 account (Master File Tax Account (MFT) 60). If a misapplied payment is transferred out of a MFT 60 module without a TC 150, the CSR must check the account filing requirements with Command Code (CC) ENMOD or CC INOLE. If it is determined that the misapplied payment erroneously opened a Form 2290 filing requirement, remove the filing requirement. If the CSR is unable to determine whether the filing requirement should be removed from the account, route the inquiry to Excise Operations.
- (6) Calls may be transferred from AM to the Excise Operation using the Transfer Pin Program. Refer to IRM 21.1.3.2.6, Accepting Transferred Calls When the Taxpayer Provides a 4 Digit Transfer PIN, for additional information.

4.24.22.3.2
(01-13-2023)
Excise Tax Research

- (1) This section contains general research items applicable to all centralized excise tax modules. Specific research steps and suggestions are provided in the IRM section addressing each centralized excise tax form.

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- Form 720-X. See IRM 4.24.22.4.1.7.2, Form 720-X, Tax Decrease for additional CAT-A information.
- All Form 843, Claim for Refund and Request for Abatement are CAT-A.

Note: There are various issues on certain forms throughout IRM 4.24.22 that have CAT-A criteria. Always check for CAT-A criteria before adjusting an account.

- (3) An agent in the Cincinnati Excise Centralized Specialty Tax Classification Team will evaluate cases with CAT-A criteria and determine if the case should be allowed, selected for examination, or if "no consideration" procedures should be followed.
- (4) See Exhibit 21.5.3-2, Examination Criteria (CAT-A) - General, for additional information on CAT-A criteria.

- (5) Always contact the Large Corp Technical Unit before making an adjustment on a "Large Corp" case or notice. See IRM 21.7.1.4.11.4, Campus Contacts for Large Corp Cases, for additional information.
- (6) For Form 720 filed returns that have not posted to the account, refer to IRM 25.23.9.4.1 BMF Returns Selected for Return Integrity and Compliance Services (RICS) Review, for how to identify if the return has been selected for RICS BMF Identify Theft (IDT) review. If there is no TC 150 posted because the return is being held pending a RICS review and it has been 23 weeks since RICS selected the return (TC 973), then fax a Form 4442, Inquiry Referral, to RICS at 844-201-5531. Indicate in Section B this is a request to review the Form 720 selected return to see if a case determination can be made and complete RICS case processing.

Note: Only RICS employees have the authority to determine if the return in question is RICS BMF IDT or not. Do not send any copies of a Form 720 return to be processed as the original return.

4.24.22.3.3
(08-10-2021)
Statute Awareness

- (1) It is every IRS employee's responsibility to protect the statute of limitations. A statute of limitation is a time period established by law to review, analyze, and resolve taxpayer and IRS-related issues. Employees must always check the statute of limitation before adjusting a taxpayer's tax account. In general, the period of limitation is three years from the due date of the return, the date the return was actually filed, or two years from the date of payment, whichever is later. If tax is assessed on an account where the period has expired, the adjustment will go unpostable. Decreasing the tax on an account where the period has expired causes an erroneous abatement. Tax increases within 90 days of the Assessment Statute Expiration Date (ASED) are statute imminent and must be expedited to the Statute Function. The Excise Statute Coordinator will provide local routing instructions for statute imminent cases.

Note: A tax decrease does not go unpostable on an account where the period has expired. **You must use extreme caution when decreasing the tax on an account where the statute has expired.**

- (2) A tax increase cannot be assessed after the period has expired. However, if an IRS No. (also known as abstract number) was not previously reported on Form 720, Quarterly Federal Excise Tax Return, the period does not start to run for that unreported IRS No. until a return is filed reporting that IRS No. The manual assessment process must be used anytime the Form 720 has an expired period, or is within 90 days of expiration and tax is being assessed for a previously unreported IRS No. for that tax period. Hand carry manual assessments to the Statute Function. See IRM 25.6.1.9.10.3, Excise Tax Amended Form 720, for additional detail.
- (3) If tax cannot be assessed, input a Transaction Code (TC) 290, using blocking series 05, 15, or 00 and advise the taxpayer that the time to assess the additional tax has expired.
- (4) If a claim is filed for tax that was reported on a return and paid timely (is not an erroneous assessment), and the period has expired, formally disallow the claim. Input a TC 290.00 using blocking series 98 or 99 and indicate in the remarks field "statute expired." Send a 105C letter and advise the taxpayer

that the time for filing a claim has expired and give them appeal rights. See IRM 25.6.1, Statute of Limitations Processes and Procedures, for additional information.

4.24.22.3.4
(08-10-2021)
**Integrated Automation
Technologies (IAT)**

- (1) Effective June 17, 2013, Excise Operation employees are required to use the mandated Integrated Automation Technologies (IAT) tools shown in the table below. The IAT tools simplify taxpayer account processing by assisting the user with IDRS research and input. The required use of these tools applies to all phone and paper programs. The following list are mandatory IAT tools when processing taxpayer accounts on IDRS:

- ACT ON,
- Address,
- Credit Transfer,
- Disclosure,
- ESTAB,
- FRM49,
- Letters,
- Payment Tracer, or
- TC Tracer

- (2) The following list are suggested IAT tools:

- Business Master File On-Line (BMFO) Reasonable Cause Assistant (RCA),
- Fill Forms,
- Name Search,
- Phone Number,
- Quick CC,
- Manual Refund,
- REQ54,
- REQ77,
- Code Search Index (CSI),
- Undeliverable Tool, and
- UP Histories

Note: Due to the volume of IRC 6427 interest bearing fuel claims (Claims reported on Form 8849, Schedules 2, 3, and 8), the Excise Operation is unable to use the IAT Manual Refund Tool for fuel claim manual refund preparation and monitoring.

- (3) If an IAT tool is not available, or an employee has a problem with the IAT Tool Manager (ITM), the case should be processed with established IDRS procedures.
- (4) The IAT Website at <http://iat.web.irs.gov/> can be used to subscribe to the IAT newsletter, report problems with IAT tools, and research IAT job aids.

4.24.22.3.5
(08-10-2021)
**Monitoring Centralized
Excise Manual Refunds**

- (1) When a manual refund is generated by a team, the tax module must be monitored to ensure a duplicate refund condition does not occur on the account. The IAT Manual Refund Tool cannot be enhanced to accommodate the volume of manual refund refunds generated by the Centralized Excise Operation. The tool is recommended for all SB/SE employees, but not mandatory. Centralized Excise Operation (Campus Compliance Operations,

Cincinnati) employees must follow the instructions below in lieu of the procedures listed in IRM 21.4.4.6.1, Monitoring Manual Refunds.

- (2) Management is responsible for ensuring manual refunds are monitored each week; however, the actual monitoring can be delegated to a team employee. When the monitoring employee is on leave, management must reassign the monitoring task to a backup employee.
- (3) After a case is closed on IDRS with a manual refund (Command Code (CC) RFUND input or a Form 3753 is prepared for the Accounting Function), the following actions must be followed:
 - Establish a new IDRS control base using a team number and five unique numbers not being used by the team (e.g., 0280100000). The Activity Code is "WT840", the Case Status Code is B (Background), the Control Category is MISC, and the IRS Receive Date is the current date;
 - Monitor the account each week (Monday through Wednesday) until the transaction code (TC) 840 posts.
 - Document the monitoring actions on the Manual Refund Listing. A spreadsheet with appropriate headers may be used in lieu of an aged listing report. Each line of the listing must be documented. Notate each pending TC 840 as "TC840 Pending." If a Form 3753 was prepared, notate "Form 3753". If a refund was deleted, indicate "DQ." To simplify the documentation, it is acceptable to use ditto marks, vertical lines, etc. for each notation type. This action must be taken on each page of the listing. The monitoring employee will initial and date each page of the listing.

Note: If a Form 3753 has been processed by the Accounting Function, a TC 971 AC 664 will appear on the account. If a TC 971 AC 664 is on the account or a TC 840 is showing as rejected (RJ), unpostable (Unnn), or resequencing (Rnnn), do not prepare another manual refund. The refund has been issued by the Service.

- (4) When the TC 840 posts to the tax module, the following actions must be taken:
 - Notate on the manual refund listing: "TC840 Posted.";
 - Notate whether an erroneous refund was issued on the module. If no erroneous refund was issued, notate "No E/R." If an erroneous refund was issued, notate "E/R" and indicate the corrective actions taken to resolve the erroneous refund. An attachment can be used to document the corrective actions;
 - Initial and date each page of the listing;
 - Update the control activity to "840POSTED"; and
 - Close the control base.
- (5) When there is an erroneous refund, take the following corrective action:

If	Then
A TC 846 or a subsequent TC 840 appears after initiating the manual refund or a pending credit transfer does not have an appropriate credit hold (e.g., TC 570)	Contact the input area and request that the transaction be deleted (CC RVIEW or CC TERUP) or input CC NOREF to stop a TC 846. IRM 21.4.1.5.10, Refund Intercept CC NOREF, and IRM 21.4.1.5.11, IRS Holds Automated Listing (HAL), provides additional information. Note: If unable to input CC NOREF, contact the servicing campus Notice Review to stop a generated refund.
Unable to stop the refund	Contact the taxpayer to recover the duplicate refund. See IRM 21.4.5, Erroneous Refunds, for erroneous refund procedures.

Note: If a duplicate refund was issued, a Form 14165, Erroneous TC 840/846 Report, must be completed and included in the case file. DMER case files will no longer be mailed to the Accounting Erroneous Refund Teams. All DMER case files will be saved on the DMER Shared Drive. IRM 21.4.5.5.6, Duplicate Manual Erroneous Refunds (DMER), provides additional detail.

- (6) Managerial review of the manual refund monitoring and documentation is required. The team manager must follow the review steps below:
- Randomly review the documentation on the Manual Refund Listing by accessing IDRS to verify the listing notations;
 - Complete a random review of at least 5 accounts per week;
 - Initial and date the review on the Manual Refund Listing;
 - Hold each listing for a retention period of three months; and
 - Destroy the Manual Refund Listing as classified waste after the retention period.

4.24.22.4
(01-13-2023)
Excise Tax Procedures

- (1) This section contains procedures for working excise tax issues specifically handled at the Cincinnati Campus. Refer to IRM 3.11.23.16, Processing Form 720, for Submission Processing procedures at the Ogden Campus.
- (2) For taxpayer filed Form 720 returns that have not posted to the account, refer to IRM 4.24.22.3.2 (6), Excise Tax Research, to determine if the return is being held for a RICS BMF IDT review.

4.24.22.4.1
(08-10-2021)
**Form 720, Quarterly
Federal Excise Tax
Return**

- (1) The Form 720 is used to report and pay certain excise tax liabilities. The IRS Numbers (Abstract Numbers) are listed on the form. The MFT is 03 and the tax class is 4. Additional sources of information are:
 - Publication 510, Excise Taxes,
 - Instructions for Form 720.
- (2) The Form 720 consists of the following parts and schedules:
 - Part I consists of excise taxes subject to deposit requirements. See IRM 20.1.4.10, Form 720 Reporting Requirements,
 - Part II consists of excise taxes not subject to deposit requirements,
 - Part III consists of the lines for total tax. Taxpayers use this section to determine their balance due or overpayment,
 - Schedule A, Excise Tax Liability, is used to record the net tax liability for each semimonthly period in a quarter. Schedule A must be completed if there is an entry in Part I,
 - Schedule C, Claims, is used to make claims only if a tax liability is reported in Part I or Part II, and
 - Schedule T, Two Party Exchange Information Reporting, is used to report the number of gallons for specified fuels.

4.24.22.4.1.1
(08-10-2021)
**Form 720, Filing
Requirements**

- (1) Form 720 is filed quarterly as shown below.

Quarter covered	Return due by
January, February, March	April 30
April, May, June	July 31
July, August, September	October 31
October, November, December	January 31

Note: Whenever due dates for filing return fall on a Saturday, Sunday, or a legal holiday, the return is considered timely if postmarked by the next succeeding day after that date that is not a Saturday, Sunday, or legal holiday. Refer to IRC 7503 for more information.

- (2) The Filing Requirement Code (FRC) is used to identify the type of return filed by the taxpayer and the tax return filing frequency. The FRC is displayed on CC ENMOD and CC INOLE. The table below provides the Form 720 codes:

FRC	Description
0	Return not required to be filed.
1	Return required to be filed quarterly.
4	Casual filer; return not required to be filed quarterly.
8	Account currently inactive; return not required to be filed.

- (3) The FRC 4 identifies Form 720 casual filers (annual filers) who are not required to file quarterly. Taxpayers only reporting the Floor Stocks Tax, IRS

No. 20, or the Patient-Centered Outcomes Research Fee, IRS No. 133, are casual filers and must report the tax liability on the second calendar quarter. The FRC 4 will prevent erroneous return delinquency (RD) and taxpayer delinquent investigation (TDI) activity on the other calendar quarters.

4.24.22.4.1.2
(08-10-2021)
**Form 720, Deposit
Requirements**

- (1) Generally, all taxes are deposited under the rules for regular method taxes.
Exception: Communication and air transportation taxes can be deposited under the rules for alternative method taxes (IRS Nos. 22, 26, 27, and 28).
- (2) All excise taxes that must be deposited are subject to the "September Rules".
- (3) The safe harbor rule applies separately to deposits under the regular method and the alternative method. See IRM 20.1.4.10.6, Safe Harbor (1/6th Rule) for Deposits Form 720.
- (4) No deposits are required for taxes as follows:
 - Taxes reported in Part II of Form 720.(Exception: The payment for floor stocks' tax on ozone-depleting chemicals is due by June 30.),
 - Net tax liability of less than \$2,500.00 for the quarter, and
 - One time filings defined in *Rev. Proc. 40.6011 (a) -2(b)*.
- (5) Beginning after December 31, 2010, authorized depositories will no longer accept Form 8109, Federal Tax Deposit Coupon, and Form 8109-B, FTD Deposit Form (Over The Counter Version), to deposit their quarterly taxes. Most taxpayers will be required to electronically deposit all employment, excise, and corporate depository taxes using EFTPS. However, some taxpayers may be able to remit payment for their excise tax due on Form 720 with their tax return. See IRM 20.1.4.10.5, De Minimis Exception to Deposit Requirements Form 720, for more information. Otherwise, the payments must be paid through EFTPS. See IRM 21.7.1.4.8.1, Electronic Federal Tax Payment System (EFTPS), for more information.

4.24.22.4.1.3
(08-10-2021)
**Form 720, IRS Number
(No.)**

- (1) Taxes are identified by an "IRS No." (also known as "Abstract Number") on Form 720 and in IRS account records.
- (2) When tax is adjusted on Form 720, the adjustment must include the IRS No. that identifies the type of tax being adjusted. Credits are made using CRNs.
- (3) Each IRS No. is a separate return for all purposes. If an original return is filed timely reporting one IRS No. and later a supplemental return (Form 720-X, Amended Quarterly Federal Excise Tax Return) is filed reporting an additional IRS No., the second return may be subject to a late filing penalty. This penalty must be manually computed if the tax module is restricted. See IRM 20.1.2, Failure to File/Failure to Pay Penalties.

4.24.22.4.1.4
(08-10-2021)
Form 720, Part I

- (1) Excise taxes shown below are reported in Part I of Form 720. These taxes generally have deposit requirements recorded on Form 720, Schedule A, Excise Tax Liability.

4.24.22.4.1.4.1
(01-13-2023)
Environmental Taxes

- (1) Form 6627, Environmental Taxes, is used to figure the environmental taxes on:

- Domestic petroleum superfund tax (effective January 1, 2023), IRS No. 53,
 - Domestic Petroleum oil spill tax, IRS No. 18,
 - Imported petroleum products superfund tax (effective January 1, 2023), IRS No. 16,
 - Imported petroleum products oil spill tax, IRS No. 21,
 - Ozone-depleting chemicals (ODCs) tax, IRS No. 98,
 - Ozone -depleting chemicals (ODCs) tax on imported products , IRS No. 19, and
 - Tax on Chemicals (Other Than Ozone-Depleting Chemicals (ODCs)), IRS No. 54,
 - Tax on Imported Chemical Substances, IRS No. 17,
 - Tax on Floor Stocks of ODC's, IRS No. 20 (reported in Part II of Form 720).
- (2) Section 4611 Oil Spill Liability Trust Fund financing rate (IRS Nos. 18 and 21) and Hazardous Substance Superfund financing rate (IRS Nos. 16 and 53) are imposed on:
- Crude oil received at a domestic refinery, and
 - Petroleum products entered in the United States for consumption, use or warehousing.

Note: The oil spill liability trust fund financing rate is \$.09 per barrel (42 gallons). The hazardous substance superfund financing rate is \$.164 per barrel, effective January 1, 2023. The tax can be passed on to the customer. IRS will not provide guidance on how to do this because it is a business matter. No one (including state and local governments) is exempt from the tax.

- (3) Form 6627 is attached to Form 720.
- (4) The tax rates for all of the environmental taxes are on Form 6627. Input adjustment on MFT 03 using TC 29X with the appropriate IRS No.

4.24.22.4.1.4.2 (08-10-2021)

Communication Taxes

- (1) The person receiving the payment for communication services must collect and pay over the tax and file the return. The tax is assessed on the amount paid for right of service rather than provision of the service.
- (2) The tax is 3 percent of amounts paid for:
- Local telephone service, and
 - Teletypewriter exchange services.
- (3) Bundled service and long distance service are not subject to communication tax;
- Bundled service is local and long distance service provided under a plan that does not separately state the charge for the local telephone service. Bundled service includes plans that provide both local and long distance service for either a flat monthly fee or a charge that varies with the elapsed time for which the service is used. Bundled service is provided by both land lines and wireless (cellular) service. If voice over internet protocol service provides both local and long distance service and the charges are not separately stated, such service is bundled service,

- Long distance service is telephonic quality communication with persons whose telephones are outside the local telephone system of the caller, and
 - The method for sending or receiving a call, such as land line, wireless (cellular), or some other method, does not affect whether a service is local-only or bundled.
- (4) Payments for certain services or payments from certain users are exempted from the communication tax. An uncollected tax report is required by collecting agents if the person from whom the 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. See Form 720 instructions. The Publication 510, Excise Taxes, provides a list of exemptions and the exemption certificate requirements.
- (5) Input adjustment on MFT 03 using TC 29X and IRS No. 22.

4.24.22.4.1.4.3
(01-13-2023)

Air Transportation Taxes

- (1) Air transportation taxes are collected and reported by providers of air transportation of persons or property.
- (2) There are three IRS Nos. for air transportation taxes:
- IRS No. 26 is for transportation of persons by air. The rate of tax is 7.5 percent of the amount paid for this air transportation plus a domestic segment tax. For flights taken in 2022, the domestic segment tax is \$4.50 per person,

Note: The domestic segment tax is revised annually.

- IRS No. 27 is for use of international air travel facilities. For 2022, the rate is \$19.70 per person for flights that begin or end in the United States. The rate for departure of interstate flights that begin or end in Alaska or Hawaii, is \$9.90 per person, and

Note: The rate for use of international air travel facilities is revised annually.

- IRS No. 28 is for transportation of property by air. The rate of tax is 6.25 percent of the amount paid for this air transportation.
- (3) The CARES Act (Public Law 116-136) granted an excise tax holiday period for certain excise taxes related to commercial transportation by air from March 28, 2020 until December 31, 2020. These taxes resumed on January 1, 2021. The excise tax holiday applies to the following:
- 7.5 percent tax on amounts paid for transportation of person by air tax under IRM 4261(a),
 - Domestic Segment tax under IRC 4261(b),
 - Use of International Travel Facility fee under IRC 4261(c),
 - Amounts paid for the right to award free or reduced rate air transportation under IRC 4261(e)(3). The excise tax holiday includes amounts paid for right to award mileage awards, and
 - 6.25 percent tax on amounts paid for transportation of property by air under IRC 4271.
- (4) An uncollected tax report is required by collecting agents 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. See Form 720 instructions.

- (5) Input adjustments on MFT 03 using TC 29X with the appropriate IRS No.

4.24.22.4.1.4.4

(01-13-2023)

Fuel Taxes

- (1) An excise tax is imposed on the following fuels:

- Diesel fuel, tax on removal at terminal rack, IRS No. 60,
- Diesel fuel, taxable events other than removal at rack, IRS No. 60,
- Diesel fuel, tax on sale or removal of biodiesel mixture (other than removed at terminal rack), IRS No. 60,
- Diesel water-fuel emulsion, IRS No. 104,
- Dyed diesel fuel, Leaking Underground Storage Tank (LUST) tax, IRS No. 105,
- Dyed kerosene, LUST tax, IRS No. 107,
- LUST tax, other exempt removals, IRS No. 119,
- Kerosene, tax on removal at terminal rack, IRS No. 35,
- Kerosene, tax on taxable events other than removal at terminal rack, IRS No. 35,
- Kerosene for use in aviation, IRS No. 69,
- Kerosene for use in commercial aviation (other than foreign trade), IRS No. 77,
- Kerosene for use in aviation, LUST tax on nontaxable uses, IRS No. 111,
- Other fuels, IRS No. 79 (See the Form 720 instructions for additional detail.),
- Gasoline, tax on removal at terminal rack, IRS No. 62,
- Gasoline, tax on taxable events other than removal at terminal rack, IRS No. 62,
- Any liquid fuel used in a fractional ownership program aircraft, IRS No. 13,
- Aviation gasoline, IRS No. 14,
- Liquefied petroleum gas (LPG) (such as propane, pentane, or mixtures of those gases), IRS No. 112,
- "P Series" fuels, IRS No. 118,
- Compressed natural gas (CNG), IRS No. 120,
- Liquefied hydrogen, IRS No. 121,
- Fischer-Tropsch process liquid fuel from coal (including peat), IRS No. 122,
- Liquid fuel derived from biomass, IRS No. 123, and
- Liquefied natural gas (LNG), IRS No. 124.

4.24.22.4.1.4.4.1

(08-10-2021)

First Taxpayer's Report

- (1) If the taxpayer is reporting gallons of fuel that may again be subject to tax, a "First Taxpayer's Report" may be filed with the Form 720, Quarterly Federal Excise Tax Return. See Publication 510, Excise Taxes, Model Certificate B. The taxpayer that 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 to 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 mail the copy to the Cincinnati Campus.

- (2) A first taxpayer's report is not required for the tax imposed on:

- Removal at a terminal rack,

- Nonbulk entries into the United States, or
- Removals or sales by blenders.

Note: If the taxpayer liable for the tax expects that another tax will be imposed on the fuel listed above, then the taxpayer should file (but is not required to file) a first taxpayer's report.

- (3) If the first taxpayer's report relates to fuel sold to more than one buyer, copies of the report must be made when the fuel is divided. Each buyer must be given a copy of the report.

4.24.22.4.1.4.4.2
(01-13-2023)
Diesel Fuel

- (1) Diesel fuel is any liquid that, without further processing or blending, is suitable for use as a fuel in a diesel-powered highway vehicle or train and/or a transmix.
- (2) A diesel-powered highway vehicle is any self-propelled vehicle designed to carry a load over public highways (whether or not also designed to perform other functions) and propelled by a diesel engine.
- (3) An excluded liquid contains less than 4 percent normal paraffins or a liquid with all three of the following properties:
- A distillation range of 125° Fahrenheit or less,
 - A sulfur content of 10 ppm or less, and
 - A minimum color of +27 Saybolt.
- (4) A transmix is a by-product of refined products created by the mixing of different specification products during pipeline transportation. See Publication 510, for additional information.
- (5) Adjust the tax using IRS No. 60 and tax rate of \$.244 per gallon.

Note: Diesel fuel does not include gasoline, kerosene, excluded liquid, No. 5 and No. 6 fuel oils covered by ASTM specification D 396, or F-76 (Fuel Naval Distillate) covered by military specification MIL-F-16884.

4.24.22.4.1.4.4.3
(08-10-2021)
Diesel-Water Fuel Emulsion

- (1) Effective January 1, 2006, the taxpayer is liable for the \$0.198 per gallon reduced rate of tax on a diesel-water fuel emulsion removal at the terminal rack or other taxable event if the following requirements are met:
- The diesel-water fuel emulsion must contain at least 14 percent water,
 - The emulsion additive must be registered by a United States manufacturer under section 211 of the Clean Air Act with the Environmental Protection Agency (EPA), and
 - The taxpayer is registered by the IRS.
- (2) If these requirements are not met, the tax must be reported on the sale, removal or use of diesel-water fuel emulsions as diesel.
- (3) Input adjustment on MFT 03 using TC 29X and IRS No. 104.

4.24.22.4.1.4.4.4
(08-10-2021)
Dyed Diesel Fuel and Dyed Kerosene

- (1) Diesel fuel and kerosene are not subject to excise tax (other than the LUST tax) if all of the following tests are met:

- The person otherwise liable for tax (position holder, etc.) is a taxable fuel registrant;
 - If removed from a terminal, the terminal is an approved terminal;
 - The diesel fuel or kerosene satisfies the dyeing requirements (Solvent red 164 and no other dye; see Publication 510 for more information); and
 - The diesel fuel or kerosene was dyed by mechanical injection.
- (2) A penalty is imposed on a person if any of the following situations apply:
- Any person that sells or holds for sale dyed fuel for any use which such person knows or has reason to know, is not a nontaxable use of such fuel;
 - Any person that holds dyed fuel for use, or used by the person for a use other than a nontaxable use, and the person knows or has reason to know that the fuel was dyed;
 - A person willfully alters, chemically or otherwise, or attempts to alter, the strength or composition of any dye in dyed fuel; or
 - The person has knowledge that a dyed fuel has been altered, sells or holds for sale such fuel for any use for which the person knows or has reason to know is not a nontaxable use of the fuel.
- (3) The penalty is the greater of \$1,000 or \$10 per gallon of the dyed diesel fuel or dyed kerosene involved. After the first violation, the \$1,000 portion of the penalty increases depending on the number of violations. If the penalty is imposed, each officer, employee, or agent of a business who willfully participated in any act giving rise to the penalty is jointly and severally liable with that entity for the penalty.

4.24.22.4.1.4.4.5
(08-10-2021)

**Leaking Underground
Storage Tank (LUST) Tax**

- (1) Effective after September 30, 2005, the LUST tax is imposed at \$.001 per gallon on removals, entries, and sales of dyed diesel fuel and dyed kerosene, certain gasoline blendstocks, kerosene used for a feedstock purpose, kerosene for use in aviation (nontaxable uses), and diesel fuel or kerosene sold or used in Alaska. See chart below for appropriate IRS No. for input of adjustment on MFT 03.

IRS No. (Abstract No.)	Type of Fuel (Tax rate \$.001)
105	Dyed Diesel Fuel
107	Dyed kerosene
111	Kerosene for use in aviation (Kerosene removed directly from a terminal into the fuel tank of an aircraft for nontaxable uses)
119	Other exempt removals. (Gasoline blendstocks, kerosene used for a feedstock purpose, and diesel fuel or kerosene sold or used in Alaska)

(2) Input adjustment using TC 29X on MFT 03 using appropriate IRS No.

Note: The LUST tax is not credited or refunded, except for exported taxable fuel, fuels used in foreign trade, and section 4081(e) claims.

4.24.22.4.1.4.4.6
(08-10-2021)
Kerosene

(1) Kerosene includes any of the following liquids:

- One of the two kinds of kerosene (No. 1-K and No. 2-K) covered by American Society for Testing and Materials (ASTM) specification D3699, or
- Kerosene type jet fuel covered by ASTM specifications D1655 or military specification MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8)

Note: Kerosene does not include any of the excluded liquids listed above for diesel fuel.

(2) Adjust tax using the table below:

Use of Kerosene for:	IRS No.	Tax Rate
Removal at terminal rack	35	\$.244
Taxable events other than removal at terminal rack	35	\$.244
Aviation	69	\$.219
Commercial aviation (other than foreign trade)	77	\$.044

Note: The CARES Act (Public Law 116-136) granted an excise tax holiday period for certain excise taxes related to commercial transportation by air from March 28, 2020 until December 31, 2020. These taxes shall resume on January 1, 2021. The excise tax holiday suspends the IRC 4081, \$0.043 per gallon excise tax on kerosene used in commercial aviation when fuel is removed from a terminal directly into the fuel tank of an aircraft. During the excise tax holiday, no tax shall be due on kerosene used in commercial aviation, however the excise tax holiday does not extend to kerosene used other than in commercial aviation. For example, kerosene used in non-commercial aviation is still subject to the \$0.219 tax rate. LUST tax still applies on kerosene used in commercial aviation.

4.24.22.4.1.4.4.7
(08-10-2021)

**Gasoline and Aviation
Gasoline**

- (1) Persons liable for the gasoline tax on removal at the terminal rack, gasoline tax for events other than removal at the terminal rack, or on gasoline that has been blended with alcohol outside of the bulk transfer/terminal system must report the tax as follows in the table below:

IF Gasoline Tax is Reported	Report Tax on Form 720	IRS No.	Tax Rate per Gallon
For removal at the terminal rack	Line 62(a)	62	\$.184
For events other than removal at the terminal rack	Line 62(b)	62	\$.184

- (2) Aviation gasoline is taxed at \$.194 and the IRS No. is 14.
(3) Adjust the tax on MFT 03, using the applicable IRS No. and tax rate.

4.24.22.4.1.4.4.8
(08-10-2021)

**Surtax on Fuel Used in a
Fractional Ownership
Program Aircraft**

- (1) Beginning April 1, 2012, the Federal Aviation Administration (FAA) Modernization and Reform Act of 2012 (Public Law 112–95) imposes a \$.141 per gallon surtax on any liquid used in a fractional ownership program aircraft. Fractional ownership aircraft programs are noncommercial aviation for uses of aircraft after March 31, 2012. The surtax is imposed in addition to the base fuel tax applied to fuel used in noncommercial aviation.
- (2) The surtax is imposed on any fuel used in a fractional ownership program aircraft for:
- Transportation of a qualified fractional owner in a fractional ownership aircraft program, or
 - Use of an aircraft on account of a qualified fractional owner, including the use in deadhead service (aircraft traveling without passengers or freight).
- (3) The term fractional ownership program aircraft means any aircraft that is:
- Listed as a fractional program aircraft in the management specifications issued to the manager of such program by the FAA, or
 - Registered in the United States
- (4) The program manager is liable for the surtax.
- (5) In general, a fractional ownership aircraft program is a system of aircraft ownership and exchange that involves a single program manager that manages a fleet of aircraft on behalf of fractional owners. Participation in a fractional ownership aircraft program entitles the owner to fly on any of the aircraft in the program's fleet on an on-available basis, regardless of the owner's ownership interest in the aircraft in which the owner travels.
- (6) Fuel used in flight demonstration, maintenance, and crew training flights by a fractional program aircraft is not subject to the \$.141 tax.
- (7) The tax is reported on Form 720 (MFT 03) under IRS Number 013.

- (8) Additional information regarding this tax can be found in Notice 2012-27, Fractional Aircraft Ownership Programs Fuel Surtax, and under IRC 4043.
- (9) Input any adjustment to the tax on MFT 03 with a TC 29X and IRS Number 013, also referred to as Abstract 13.
- (10) There is not a correlating CRN for this tax. If the taxpayer amends the original tax reported on Form 720, they must file Form 720-X, Amended Quarterly Federal Excise Tax Return.

4.24.22.4.1.4.4.9
(08-10-2021)
Other Fuels

- (1) The taxpayer is 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).

Fuel	Tax Rate Per Gallon
Qualified: Ethanol produced from coal and;	\$.184
Methanol produced from coal	\$.184
Partially exempt: Ethanol produced from natural gas and;	\$.114
Methanol produced from natural gas	\$.0925
B-100 (100 percent biodiesel)	\$.244
Liquefied gas derived from biomass	\$.184
Other fuels not shown	\$.184

- (2) Adjust tax on MFT 03 using IRS No. 79 and appropriate tax rate.

4.24.22.4.1.4.4.10
(08-10-2021)
Alternative Fuels

- (1) Alternative fuel is any liquid other than gas oil, fuel oil, or any product taxable under IRC 4081. The taxpayers are liable for tax on alternative fuel delivered into the fuel supply tank of a motor vehicle, motorboat, or on certain bulk sales, as listed below.

Alternative Fuel	IRS Number	Tax Rate
Liquefied petroleum gas (LPG)	112	\$.183
"P Series" fuels	118	\$.184
Compressed natural gas (CNG)	120	\$.183
Liquefied hydrogen	121	\$.184

Alternative Fuel	IRS Number	Tax Rate
Any liquid fuel derived from coal (including) peat through the Fischer-Tropsch process	122	\$.244
Liquid fuel derived from biomass	123	\$.244
Liquefied natural gas (LNG)	124	\$.243

Note: LPG includes propane, pentane, or mixtures of those gases.

(2) Adjust the tax on MFT 03 using the appropriate CRN and tax rate.

4.24.22.4.1.4.5
(01-13-2023)

Retail Tax

- (1) The first retail sale of certain truck chassis and bodies, trailer and semitrailer chassis and bodies, highway tractors, and related parts and accessories is subject to a 12 percent tax (IRS No. 33). This tax is imposed by IRC 4051. The retail sales price applies to the total consideration paid (including the value of a trade-in), but it does not include insurance or delivery charges. The tax applies to:
- Truck chassis and bodies, except truck chassis and bodies suitable for use on a vehicle with a gross vehicle weight 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 gross vehicle weight of 26,000 pounds or less, and
 - Tractors chiefly used for highway transportation in combination with a trailer or semitrailer, except tractors that have a gross vehicle weight of 19,500 pounds or less and a gross combined weight of 33,000 pounds or less. Generally, gross combined weight is the weight of the tractor, the weight of its trailer(s), equipment, driver, passengers, fuel and payload (everything that moves with the vehicle).
- (2) The taxable sales price includes the price for parts and accessories sold on, with, or in connection with the sale of a taxable article, even if the parts are billed separately. The tax also applies to accessories purchased separately within the first six months after a vehicle is placed in service, unless the total cost of all accessories during that period does not exceed \$1,000. 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 Environmental Protection Agency (EPA) approved idling reduction device installed on a tractor or insulation that has an R value of at least R35 per inch.

Reminder: An idling reduction device is 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.

- (3) An article listed in (1) above shall not be considered manufactured or produced solely by reason of repairs or modifications to the article (including any modification which changes the transportation function of the article or restores a wrecked article to a functional condition), if the cost of such repair or modification does not exceed 75 percent of the retail price of a comparable new article. This will also apply in cases where the owner uses a glider kit to repair the vehicle if the cost of the repair or modification does not exceed 75 percent of the retail price of a comparable new article. This provision does not apply to an article that was not subject to the tax when it was new.

Example: The owner of a used tractor restored the tractor by adding new components and rebuilding others. The restoration was necessary because the tractor was worn from use. The owner then continued to use the tractor in the owner's trade or business. The cost to restore the tractor was equal to 70 percent of the retail price of a comparable new tractor. Since the cost of the restoration did not exceed 75% of the retail price of a comparable new tractor, no retailers excise tax is imposed under section 4051(a) of the Code on the sale or the use of the tractor.

- (4) Input adjustment on MFT 03 using TC 290 and the appropriate IRS No.

4.24.22.4.1.4.6
(08-10-2021)

Ship Passenger Tax

- (1) A tax is imposed by IRC 4471 when a voyage of more than 24 hours by a commercial passenger vessel with berths for more than 16 passengers begins or ends in the United States. It is paid by the operator of the ship. Regardless of duration, the tax is also imposed where passengers are engaged in gambling sponsored by the owner or operator of the vessel (or an agent) beyond the territorial waters of the United States.
- (2) The tax is \$3.00 for each passenger on the ship, when that passenger first embarks or disembarks in the United States.
- (3) Input adjustment on MFT 03, using TC 29X and IRS No. 29.

4.24.22.4.1.4.7
(01-13-2023)

Foreign Insurance Taxes

- (1) Tax is imposed when U.S. residents buy insurance policies from nonresident alien individuals or businesses not licensed to sell insurance by a state or the District of Columbia. Form 720 must be filed by the person making the premium payment to the foreign insurer or agent. Foreign insurance taxes include:
- Casualty insurance and indemnity bonds at \$.04 per premium,
 - Life insurance, sickness and accident policies, and annuity contracts at \$.01 per premium, and
 - Reinsurance at \$.01 per premium
- (2) Foreign insurers and reinsurers who take a position that a treaty of the United States overrules, or otherwise modifies an Internal Revenue Law of the United States must file Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), and/or provide a disclosure statement which is attached to Form 720. The Form 8833 Instructions provide additional details.
- (3) Foreign insurance does not apply to casualty insurance premiums paid to foreign insurers for coverage of export goods in transit to foreign destinations.
- (4) Input adjustment using TC 29X and IRS No. 30 on MFT 03.

4.24.22.4.1.4.8
(08-10-2021)

Manufacturers Taxes

- (1) A variety of items are subject to taxes imposed on the manufacturer, producer, or importer. A manufacturer is any person who produces a taxable article from new or raw material, or from scrap, salvage, or junk material, by processing or changing the form of an article or by combining or assembling two or more articles. The manufacturer furnishes and keeps title to the materials and/or the finished article. The chart below provides a summary of the manufacturer taxes.

Type of Manufacturer Tax	IRS No.	Tax Rate
Coal - Underground Mined	36	<p>If the sale price of the underground mined coal is \$25 or more per ton, use the \$1.10 per ton tax rate.</p> <p>Example: If a producer of coal sells 21,000 (10.5 tons) pounds of coal from an underground mine for \$525, the price per ton is \$50.00. The tax is \$1.10 x 10.5 tons (\$11.55).</p> <p>Note: Rates have changed - for rates prior to October 1, 2022, see Form 720 for applicable rates.</p>
Coal - Underground Mined	37	<p>If the sale price of the underground mined coal is less than \$25 per ton, use the 4.4 percent of the selling price tax rate.</p> <p>Note: Rates have changed - for rates prior to October 1, 2022, see Form 720 for applicable rates.</p>

Type of Manufacturer Tax	IRS No.	Tax Rate
Coal - Surface Mined	38	If the sale price of the surface mined coal is \$12.50 or more per ton, use the \$.55 per ton tax rate. Note: Rates have changed - for rates prior to October 1, 2022, see Form 720 for applicable rates.
Coal - Surface Mined	39	If the sale price of the surface mined coal is less than \$12.50 per ton, use the 4.4 percent of the selling price tax rate. Note: Rates have changed - for rates prior to October 1, 2022, see Form 720 for applicable rates.
Taxable tires other than bias ply or super single tires	108	\$.0945 (for each 10 pounds of the maximum rated load capacity over 3,500 pounds)
Taxable tires, bias ply or super single tires (other than super single tires designed for steering)	109	\$.04725 (for each 10 pounds of the maximum rated load capacity over 3,500 pounds)
Taxable tires, super single tires designed for steering	113	\$.0945 (for each 10 pounds of the maximum rated load capacity over 3,500 pounds)
Gas Guzzler Tax	40	To determine tax, see Form 6197, Gas Guzzler Tax.
Vaccines taxes	97	To determine tax, see IRM 4.24.22.4.1.4.8.3, Excise Tax on Vaccines

Note: The tax on medical devices does not apply to sales after 12/31/2015.

(2) Input adjustment with TC 290 on MFT 03 using appropriate IRS No.

4.24.22.4.1.4.8.1
(08-10-2021)
Excise Tire Tax

- (1) For Compliance research and studies similar to the tire tax study required by the Energy Policy Act of 2005, six new fields were added to the non-money fields on Integrated Data Retrieval System (IDRS) for decrease or increase to the tire counts on Form 720 tax modules (MFT 03).
- (2) The six new tire count fields correlate with IRS Nos. 108, 109, and 113 and CRNs 396, 304, and 305. Each count displayed on IDRS is nine digits long. Example:
 - IRS No. 108 tire count - If tire count for 1 tire, the display is 000000001.
 - IRS No. 109 tire count - If tire count for 12 tires, the display is 000000012.
 - IRS No. 113 tire count - If tire count for 100 tires, the display is 000000100.
 - CRN 396 tire count - If tire count for 2,250 tires, the display is 000002250.
 - CRN 304 tire count - If tire count for 900,200 tires, the display is 000900200.
 - CRN 305 tire count - If tire count is for 1,000,000 tires the display is 001000000.
- (3) In addition, six new adjustment reference numbers are needed to adjust the tire count numbers in (2). The reference numbers are:
 - 900 tire count will adjust the 108 Tire Count field.
 - 901 tire count will adjust the 109 Tire Count field.
 - 902 tire count will adjust the 113 Tire Count field.
 - 903 tire count will adjust the 396 Tire Count field.
 - 904 tire count will adjust the 304 Tire Count field.
 - 905 tire count will adjust the 305 Tire Count field.
- (4) To input an adjustment to a tire count field, you must overlay the tire count field with the new number of tires (increase or decrease).

Example: A Form 720 is filed claiming an increase to the number of super single tires designed for steering (IRS No. 113). The Integrated Data Retrieval System (IDRS) shows that 200 tires were previously reported and Form 720-X, Amended Quarterly Federal Excise Tax Return, shows an additional 4,000 tires. The adjustment is input with a Transaction Code (TC) 290 for \$378.00, IRS No. 113 for \$378.00, and overlay the tire count display for reference number 902 using 00004200.

Reminder: When adjusting the tire counts, add the current number of tires to the new number of tires and overlay the tire count field with the new tire count.

- (5) If more than two tire counts need to be overlaid on one adjustment, then multiple adjustments must be input. Use Posting Delay Code (PDC) 1 on the second adjustment to allow one posting per cycle.
- (6) The tire count adjustments are displayed on the Tax Module Display (TXMOD) and the Business Master File Online (BMFOL). See IRM 4.24.22.4.5.6.11, Form 8849, Schedule 6, Tire Tax, for processing procedures. The adjustment for the count of tire tax must be input on MFT 03. No other MFT is programmed for this type of adjustment.

4.24.22.4.1.4.8.2
(08-10-2021)

**Form 6197, Gas Guzzler
Tax**

- (1) Form 6197, Gas Guzzler Tax, is used to figure the gas guzzler tax. The gas guzzler tax is imposed on the sale, use, or lease by the manufacturer or importer of an automobile of a model type that does not meet certain standards for fuel economy. Automobiles imported for business or personal use are also subject to the tax.
- (2) The tax liability is figured each quarter and reported on Form 720 with IRS No 40. Form 6197 is attached to Form 720.

Note: If a gas guzzling automobile is imported, the taxpayer may be eligible to make a one-time filing of Form 720 and Form 6197 if the following conditions are met:

- The person importing the gas guzzling vehicle does not do so in the course of their trade or business, and
- The person is not required to file Form 720 reporting excise taxes for the calendar year quarter, except for one-time filing.

Note: There are no deposit requirements for one-time filers. All of the tax reported for a one-time filer may be paid with the return.

- (3) Input adjustment using TC 29X and IRS 40.

4.24.22.4.1.4.8.3
(08-10-2021)

Excise Tax on Vaccines

- (1) Tax is imposed on certain vaccines sold or used by the manufacturer in the United States.
- (2) A taxable vaccine means any of the following vaccines:
 - Containing diphtheria toxoid,
 - Containing tetanus toxoid,
 - Containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens,
 - Containing polio virus,
 - Against measles,
 - Against mumps,
 - Against rubella,
 - Against hepatitis A (effective after November 30, 2004),
 - Against hepatitis B,
 - Against chicken pox,
 - Against rotavirus gastroenteritis,
 - Against streptococcus pneumonia,
 - HIB vaccine,
 - Against Influenza (effective after June 30, 2005) or any other vaccine against seasonal influenza (effective after August 1, 2013),
 - Against human papillomavirus, and
 - Meningococcal vaccine.
- (3) The tax is 75 cents per dose of each taxable vaccine. The tax per dose on a vaccine that contains more than one taxable vaccine is 75 cents times the number of taxable vaccines.
- (4) Use TC 29X and IRS No. 97 to adjust the tax.

4.24.22.4.1.4.8.4
(08-10-2021)

Taxable Medical Devices

- (1) Beginning January 1, 2013, IRC 4191 imposes an excise tax of 2.3 percent on the sale of certain medical devices by the manufacturer, producer, or importer of the device. This provision was enacted by section 1405 of the Health Care and Education Reconciliation Act of 2010, Public Law 111–152, in conjunction with the Patient Protection and Affordable Care Act, Public Law 111–148.

Note: There has been a tax law change to the Medical Device Excise Tax. The Protecting Americans from Tax Hikes Act of 2015 (PATH) Pub. L. 114-113 Div. Q (2015), which was signed into law on December 18, 2015, includes a two-year moratorium on the medical device excise tax imposed by the Internal Revenue Code Section 4191. This moratorium was extended by Pub. L. 115-120 for an additional two years, through December 31, 2017. The Further Consolidated Appropriations Act, 2020 H.R. 1865 (Pub. L. 116-94), signed into law on December 20, 2019, repealed the medical device excise tax. As a result, sales of taxable medical devices after December 31, 2015, are not subject to tax.

4.24.22.4.1.5

(08-10-2021)

Form 720, Part II

- (1) Excise taxes shown below are reported in Part II of Form 720. These excise taxes do not require federal tax deposits recorded on Schedule A, Excise Tax Liability.

4.24.22.4.1.5.1

(08-10-2021)

**Patient-Centered
Outcomes Research
(PCOR) Fee**

- (1) Section 6301 of the Patient Protection and Affordable Care Act (ACA), Public Law 111-148, provides for the establishment of the private, nonprofit corporation, the Patient-Centered Outcomes Research Institute (PCORI). Through research, the Institute will assist patients, purchasers, and policy-makers in making informed health decisions by advancing the quality and relevance of evidence-based medicine through the synthesis and dissemination of comparative clinical research findings.
- (2) The ACA created IRC 9511 to establish a Patient-Centered Outcomes Research Trust Fund (PCORTF) with the Secretary of the Treasury as a trustee. This legislation also created IRC 4375, IRC 4376, and IRC 4377, which impose fees on health insurance policies and self-insured health plans to provide net revenues for the PCORTF.
- (3) The issuers of specified health insurance policies and sponsors of applicable self-insured health plans pay and report the fees with Form 720. Returns are due July 31 of each year. If any due date for filing a return falls on a Saturday or Sunday, the return is due on the next business day. There is no Federal Tax Deposit (FTD) requirement for the fees.
- (4) The fee is indexed to national health expenditures and has been extended through September 30, 2020. The annual fees are provided in the following table:

If the policy or plan year ends	Then the fee is
Before October 1, 2013	\$1.00
On or after October 1, 2013 and before October 1, 2014	\$2.00
On or after October 1, 2014 and before October 1, 2015	\$2.08

If the policy or plan year ends	Then the fee is
On or after October 1, 2015 and before October 1, 2016	\$2.17
On or after October 1, 2016 and before October 1, 2017	\$2.26
On or after October 1, 2017 and before October 1, 2018	\$2.39
On or after October 1, 2018 and before October 1, 2019	\$2.45
On or after October 1, 2019 and before October 1, 2020	\$2.54

- (5) Use a TC 29X and IRS No. 133 on MFT to adjust the tax. There are also fields for the number of lives and the fee amount which are captured by Submission Processing. These fields are displayed on Command Code (CC) TXMOD and CC BMFOL and must be addressed when inputting an adjustment. Data Reference Numbers (DRN) and Credit Reference Numbers (CRN) are available to adjust the fields. For the periods June 30, 2013 through June 30, 2015, see the chart below:

PCORI Description	Displayed on TXMOD/BMFOL	Adjust with DRN (Overlay) or CRN (Adjust)
Specified Health Insurance Policies Average Number of Lives Covered	TXMOD: SHIP-LIVES BMFOL: SHIP COUNT	DRN: 906 (Overlay)
Specified Health Insurance Policies Amount	TXMOD: SHIP BMFOL: SHIP AMT	CRN: 813 (Adjust)
Applicable Self-Insured Health Plans Average Number of Lives Covered	TXMOD: ASIHP-LIVES BMFOL: ASIHP COUNT	DRN: 907 (Overlay)
Applicable Self-Insured Health Plans Amount	TXMOD: ASIHP BMFOL: ASIHP AMT	CRN: 814 (Adjust)

For the period June 30, 2016 and subsequent, the Form 720 was expanded and additional fields were developed to capture the expanded fields. The displays on CC TXMOD and CC BMFOL are:

PCORI Description	Displayed on TXMOD/BMFOL	Adjust with DRN (Overlay) or CRN (Adjust)
Specified Health Insurance Policies Average Number of Lives Covered for policy years ending before October 1st	TXMOD: SHIP-LIVES BMFOL: SHIP COUNT	DRN: 906 (Overlay)
Specified Health Insurance Policies Amount for policy years ending before October 1st	TXMOD: SHIP BMFOL: SHIP AMT	CRN: 813 (Adjust)
Specified Health Insurance Policies Average Number of Lives Covered for policy years ending on or after October 1st	TXMOD: SHIP-LIVES-OCT-CNT BMFOL: SHIP COUNT OCT	DRN: 908 (Overlay)
Specified Health Insurance Policies Amount for policy years ending on or after October 1st	TXMOD: SHIP-OCT-AMT BMFOL: SHIP AMT OCT	CRN: 815 (Adjust)
Applicable Self-Insured Health Plans Average Number of Lives Covered for policy years ending before October 1st	TXMOD: ASIHP-LIVES BMFOL: ASIHP COUNT	DRN: 907 (Overlay)
Applicable Self-Insured Health Plans Amount for policy years ending before October 1st	TXMOD: ASIHP BMFOL: ASIHP-AMT	CRN: 814 (Adjust)
Applicable Self-Insured Health Plans Average Number of Lives Covered for policy years ending on or after October 1st	TXMOD: ASIHP-LIVES-OCT-CNT BMFOL: ASIHP COUNT	DRN: 909 (Overlay)

PCORI Description	Displayed on TXMOD/BMFOL	Adjust with DRN (Overlay) or CRN (Adjust)
Applicable Self-Insured Health Plans Amount for policy years ending on or after October 1st	TXMOD: ASIHP-OCT-AMT BMFOL: ASIHP AMT OCT	CRN 816 (Adjust)

Caution: Due to processing and programming issues with the SHIP-LIVES and ASIHP-LIVES fields, the fields for the tax period June 30, 2013 must be reviewed for accuracy and, if necessary, corrected whenever an original or amended return is available.

Note: The SHIP-LIVES, ASIHP-LIVES, SHIP-LIVES-OCT-CNT, and ASIHP-LIVES-OCT-CNT are overlay informational fields and do not adjust up and down. When adjusting the lives field, you must overlay the count field with the new total number of lives regardless of previous adjustments. The ADJ54 DRN field contains ten digits and requires zero(s) to the left of the amount. A lives count of 85,000 must be input as 0000085000. These are adjustable amount fields, but will never post below zero (negative amount).

Note: The SHIP, SHIP-OCT-AMT, ASIHP and ASIHP-OCT-AMT fields adjusts up and down with the input of CRNs 813, 814, 815 and 816. They are combined to determine the IRS No. 133 tax liability amount. See Form 720, Part II IRS No. 133 for additional line details.

Example: The original return reports IRS No. 133 as \$10,250.00. The SHIP is \$10,250.00 and the SHIP-LIVES display is 10250. If the taxpayer files an amended return and reports SHIP-LIVES as 12,250, SHIP as \$12,250.00, and IRS No. 133 as \$12,250.00, the adjustment should include TC 290 for 2,000.00, IRS No. 133 for 2,000.00, CRN 813 for 2,000.00, and DRN 906 for 0000012250.

Example: The original return reports IRS No. 133 as \$40,000.00. The SHIP is \$25,000.00, SHIP-LIVES display is 25000, ASIHP is \$15,000.00, and ASIHP-LIVES display is 15000. If the taxpayer files an amended return and reports SHIP-LIVES as 25,000, SHIP as \$25,000.00, ASIHP LIVES as 45,000, ASIHP as \$45,000.00, and IRS No. 133 as \$70,000.00, the adjustment should include TC 290 for 30,000.00, IRS No. 133 for 30,000.00, CRN 814 for 30,000.00, and DRN 907 for 0000045000.

- (6) If the ADJ54 screen is unable to handle all the necessary reference numbers, then multiple adjustments must be input. Use Posting Delay Code (PDC) 1 on the second adjustment to allow one posting per cycle.
- (7) Credit Reference Number (CRN) 439 is used to report Schedule C claims.
- (8) Form 720X is used to make adjustments to previously filed tax returns.
- (9) If the taxpayer files an amended tax return with IRS No.133 present, check the filing requirement code (FRC). See IRM 4.24.22.4.1.1, Form 720, Filing Re-

quirements, for additional FRC information. If the taxpayer is only reporting IRS No. 133, the appropriate FRC is 4. If the FRC is not 4, review the quarters of the previous and current calendar year to determine the IRS No. filing history. If the account history shows multiple IRS Nos. reported on Form 720, the appropriate FRC is 1. If necessary, update the FRC using CC ENREQ.

4.24.22.4.1.5.2
(08-10-2021)

**Sport and Fishing
Equipment**

- (1) IRC 4161 imposes the following taxes on the manufacturer, producer, or importer:

Type of Tax	IRS No.	Tax Rate
Sport fishing equipment (other than fishing rods and fishing poles) includes reels, fly fishing lines and other fishing lines not over 130 pounds test, fishing spears, spear guns, and spear tips. See Publication 510, Excise Tax, for a complete list.	41	Ten percent (.10) of the sale price.
Fishing Rods and fishing poles (and component parts)	110	Ten percent (.10) of sales price with a maximum tax rate of \$10 per article.
Electric outboard motors	42	Three percent (.03) of the sales price.
Fishing tackle boxes	114	Three percent (.03) of the sale price.
Bows, quivers, broadheads, and points	44	Eleven percent (.11) tax is imposed only on bows having a peak draw weight of 30 pounds or more. 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, broadheads, or point suitable for use with arrows.

Type of Tax	IRS No.	Tax Rate
Arrow shafts	106	<p>Fifty-five cents (\$0.55) tax per arrow shaft is imposed if the arrow shaft measures 18 inches or more in overall length, or measures less than 18 inches in overall length but is suitable for use with a taxable bow.</p> <p>Note: Rates change frequently. See Form 720 for applicable rates.</p>

Note: After October 3, 2008, the tax does not apply to any shaft made of all natural wood with no laminations or artificial means of enhancing the spine of the 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 5/16 of an inch or less in diameter, and
- It is not suitable for use with a taxable bow, described in the table above.

(2) Input adjustments with a TC 29X on MFT 03 using appropriate IRS No.

4.24.22.4.1.5.3
(08-10-2021)

Indoor Tanning Services

(1) Beginning July 1, 2010, the Patient Protection and Affordable Care Act of 2010 imposes a 10 percent excise tax on the amount paid for indoor tanning services. The tax applies to amount paid after June 30, 2010, and must be collected by the person receiving the payment (the provider). The provider reports and pays the tax on Form 720, Quarterly Federal Excise Tax Return. The tax is paid each quarter using Form 720. If the customer does not pay the tax at the time payment for the indoor tanning services is made, to the extent the tax is not collected, the provider is liable for the tax (See IRC 5000B(c)(3) for additional information). To pay the tax, businesses must have an Employer Identification Number (EIN) assigned by the IRS. Businesses that do not have an EIN can apply for an EIN online at www.irs.gov. If a provider provides indoor tanning services at more than one location and each location has a different EIN, a separate Form 720 must be filed for each establishment with its own EIN.

(2) If other goods and services are paid for along with the indoor tanning services, e.g., purchase of protective eye wear, use of towels, the other goods and services may be excluded from the tax if:

- They are separable (regardless of the manner of invoicing the charges),
- They are shown in exact amounts in the records pertaining to the indoor tanning services charge, and
- The charges do not exceed the fair market value for those other goods and services.

Note: If the customer purchases bundled services and the charges are not separately stated, the tax applies to the portion of the payment that can reasonably be attributed to indoor tanning services, using the ratio in Reg. 49.5000B-1T(d)(3).

- (3) There is a limited exception for collecting and paying the tax for certain qualified physical fitness facilities that offer indoor tanning services. The tax does not apply when:
 - a payment to such facilities if the predominant business or activity of the facility is physical fitness and access to tanning services is not a substantial part of the facility's main business activity; and
 - the fitness facility does not sell tanning services to the general public (the exception does not apply to a qualified physical fitness facility that charges separately for indoor tanning services, or offers different pricing options to members based on whether access to indoor tanning services is included)
- (4) Adjustments to tax are input on MFT 03. Use a TC 29X with IRS No. 140 (abstract number).
- (5) There is not a correlating CRN for this tax. If the taxpayer has to amend the original tax, they must file Form 720-X, Amended Quarterly Federal Excise Tax Return.

4.24.22.4.1.5.4
(08-10-2021)
**Inland Waterways Fuel
Use Tax**

- (1) The Inland Waterway Fuel Use Tax is imposed by IRC 4042. The tax applies to liquid fuel used in the propulsion system of commercial transportation vessels while traveling on certain inland and intracoastal waterways. The tax generally applies to all types of vessels, including ships, barges, and tugboats.
- (2) 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 IRC 4041(d) or IRC 4081. For example, Bunker C residual fuel oil is subject to the LUST tax.
- (3) Vessels exempt from this tax include fishing vessels, deep-draft ocean-going vessels, passenger vessels, ocean-going barges, and vessels operated by a state or local government.
- (4) The operator of the vessel is responsible for filing the tax return and paying the tax liability.
- (5) Input adjustment with TC 29X on MFT 03 and IRS No. 64 and IRS No. 125 (if applicable).

4.24.22.4.1.5.5
(01-13-2023)
Section 40 Fuels

- (1) An excise tax is imposed (recaptured) if the second generation biofuel producer credit was claimed and the claimant did not use the fuel for one of the following purposes:
 - a. Sold for use by the purchaser in the production of a qualified second generation biofuel mixture in such other person's trade or business (other than casual off-farm production), ,
 - b. Sold for use by the purchaser as a fuel in a trade or business,

- c. Sold to another person who sells such second generation biofuel at retail to another person and places such second generation biofuel in the fuel tank of such other person, or
- d. Used by the producer in a trade or business to produce a second generation biofuel mixture or used by the producer as a fuel in a trade or business.

- (2) When recapturing, the taxpayer must pay a tax on each gallon of second generation biofuel at the rate used to figure the credit. The tax rate for second generation biofuel is \$1.01 per gallon.
- (3) Input adjustment with TC 29X on MFT 03 using IRS No. 51.

4.24.22.4.1.5.6
(08-10-2021)

**Biodiesel Sold As But
Not Used As Fuel**

- (1) An excise tax is imposed if the biodiesel or renewable diesel mixture credit, or biodiesel or renewable diesel credit was claimed and any person later:
 - Uses a mixture or straight biodiesel or renewable diesel for a purpose other than as fuel,
 - Separates the biodiesel or renewable diesel from the mixture, or
 - Mixes the straight biodiesel or renewable diesel..
- (2) The tax is:
 - \$1.00 per gallon of biodiesel,
 - \$1.00 per gallon of agri-biodiesel, or
 - \$1.00 per gallon of renewable diesel.

Note: An additional \$.10 per gallon is added if the agri-biodiesel benefited from the small agri-biodiesel producer credit.

- (3) Input adjustment using TC 290 on MFT 03 with IRS No 117.

4.24.22.4.1.5.7
(08-10-2021)

Floor Stocks Tax

- (1) Tax is imposed on any ozone-depleting chemical (ODC) held (other than by the manufacturer or importer of the ODC) on January 1 for sale or use in further manufacturing. The person holding title (as determined under local law) to the ODC is liable for the tax, whether or not delivery has been made.
- (2) Form 6627, Environmental Taxes, is used to figure the tax liability and attached to the Form 720 that is due by July 31 of each year.
- (3) The tax deposit is due by June 30 at an authorized financial institution.
- (4) Input adjustment using TC 29X on MFT 03 using IRS No. 20.

4.24.22.4.1.5.8
(01-13-2023)

**Repurchase of
Corporate Stock**

- (1) IRC 4501 imposes on each covered corporation an excise tax equal to 1% of the fair market value of any stock of the corporation which is repurchased by such corporation during the taxable year (effective January 1, 2023).

4.24.22.4.1.6
(08-10-2021)

**Form 720, Schedule C
Claims**

- (1) The Schedule C is used to make a claim against current excise tax liability reported in Part III, line 3, of Form 720. The total Schedule C claim amount is reported on line 4. Adjustments are input on MFT 03 with the appropriate credit reference number (CRN). The CRN will generate a TC 766 (refundable credit). A CRN with a minus sign (-) will generate a TC 767 (reversal of refundable credit).

(2) A taxpayer should not use a Schedule C:

- If a liability has not been reported on Form 720, Part I or Part II;
- To make adjustments to liability reported on Form 720 filed for prior quarters. The Form 720-X, Amended Quarterly Federal Excise Tax Return, is used for this purpose;
- To claim credit amounts already reported or will be reported on Form 4136, Credits for Federal Tax Paid on Fuels, or Form 8849, Claim for Refund of Excise Taxes, and its separate schedules;
- For an IRC 4081(e) refund. The refund must be reported on *Form 8849 Schedule 5 Section 4081(e) Claims*;
- To claim a refund of the surtax on any liquid used in a fractional ownership program aircraft as fuel. The Form 720-X, is used for this purpose; or
- To request an abatement or refund of interest under section 6404(e), due to an IRS error, or an abatement or refund of a penalty or addition to tax under section 6404(f) due to erroneous IRS written advice, the taxpayer should use Form 843, Claim for Refund and Request for Abatement. Also, use Form 843 to request refund of the penalty for mis-use of dyed fuel.

(3) The following table provides the nontaxable uses of fuel allowable on Form 720, Schedule C. The taxpayer must enter the number from the table in the "Type of Use" column on Schedule C (lines 1a, 2b, 3a, 4a, e, and f, 5c and d, 6a through 6h, lines 9d and e, and lines 14b through 14d)

Number	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)

Number	Type of Use
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
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

- (4) If a claim on lines 1 through 9, 12, 13, or 14b through 14e was not made for any gallons, an annual claim may be made. However, annual claims cannot be filed for the Alternative Fuel Mixture credit and sales of gasoline and aviation gasoline by Registered Ultimate Vendors or Registered Credit Card Issuers. Generally, an annual claim is made on Form 4136 for the income tax year during which the fuel was used by the ultimate purchaser, sold by the registered ultimate vendor, used to produce a mixture, or used in mobile machinery. The Form 4136 instructions provide additional information.

4.24.22.4.1.6.1
(08-10-2021)

Nontaxable Use of Fuel Claims (Lines 1 through 6 and Lines 14b through 14d)

- (1) The nontaxable use of fuel claim requirements for lines 1 through 6 and lines 14b through 14d are:
- The amount of the claim must be at least \$750 (combining amounts on lines 1 through 6 and 14b through 14d). This amount may be met by: making a claim for fuel used during any quarter of the claimant's income tax year or aggregating amounts from any quarter of the claimant's income tax year for which no other claim has been made,
 - Claims must be filed during the first quarter following the last quarter of the claimant's income tax year included in the claim,
 - Only one claim may be filed for any quarter,
 - The fuel must have been used for a nontaxable use during the period of claim, and
 - The ultimate purchaser is the only person eligible to make the claim.

Note: 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 landing signed by a customs officer of the foreign country to which the fuel is exported, and
- A statement of the foreign consignee showing receipt of the fuel.

(2) The table below provides the type of non-taxable fuel, type of use, CRN, and tax rate for each non-taxable fuel allowable on Schedule C.

Type of Non-taxable Fuel	Type of Use	Credit Reference Number (CRN)	Tax Rate per gallon
Gasoline	2, 4, 5, 7, or 12 (The fuel must have been used during the period of the claim.) Type of use 2 does not include any personal use or use in a motorboat.	<ul style="list-style-type: none"> • 362 • 411 	<ul style="list-style-type: none"> • \$.183 • \$.184
Aviation Gasoline	9, 10, or 16 (For line 2b, the fuel must have been used during the period of the claim; for line 2d, the fuel must have been used during the period of claim for type of use 9.)	<ul style="list-style-type: none"> • 354 • 324 • 412 • 433 	<ul style="list-style-type: none"> • \$.15 • \$.193 • \$.194 • \$.001
Undyed Diesel Fuel	2, 6, 7, 8, or 12 (For line 3a, the fuel must have been used during the period of claim; 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.)	<ul style="list-style-type: none"> • 353 • 350 • 360 • 413 	<ul style="list-style-type: none"> • \$.243 • \$.17 • \$.243 • \$.244

Type of Non-taxable Fuel	Type of Use	Credit Reference Number (CRN)	Tax Rate per gallon
Undyed Kerosene (other than kerosene used in aviation)	2, 6, 7, 8, or 12 (For line 4a, the fuel must have been used during the period of the claim; 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 fuel must have been used during the period of the claim for type of use 2.)	<ul style="list-style-type: none"> • 346 • 347 • 414 • 377 • 369 	<ul style="list-style-type: none"> • \$.243 • \$.17 • \$.244 • \$.043 • \$.218
Kerosene used in Aviation	For lines 5a and 5b, the fuel must have been used during the period of the claim in commercial aviation. For lines 5c and 5d the fuel must have been used during the period of the 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 the claim for type of use 9.	<ul style="list-style-type: none"> • 417 • 355 • 346 • 369 • 433 	<ul style="list-style-type: none"> • \$.200 • \$.175 • \$.243 • \$.218 • \$.001
Alternative Fuel	1, 2, 4, 5, 6, 7, 11, 13, 14, or 15 (The alternative fuel must have been used during the period of the claim and the ultimate purchaser is the only person eligible to make this claim.) For type of use 5, see Form 720 instructions.	<ul style="list-style-type: none"> • 419 • 420 • 421 • 422 • 423 • 424 • 425 • 435 	<ul style="list-style-type: none"> • \$.183 • \$.183 • \$.183 • \$.183 • \$.243 • \$.243 • \$.243 • \$.183 <p>There is a reduced credit rate for use in certain intercity and local buses (type of use 5). See Form 720 Line 6 nontaxable use of alternative fuel instructions for type of use 5.</p>

4.24.22.4.1.6.2
(08-10-2021)

**Ultimate Vendor Claims
(Lines 7 through 11)**

- (1) The taxpayer must be registered (Form 637, Application for Registration) to file an ultimate vendor claim on Schedule C.
- (2) The ultimate vendor table under IRM 4.24.22.4.5.3(2) provides the Credit Reference Number (CRN), credit rate, and claim requirements for each type of fuel.

4.24.22.4.1.6.3
(01-13-2023)

**Fuel Mixtures and
Alternative Fuel Claims
(Lines 12 and 13)**

- (1) The biodiesel and renewable diesel mixture credit (line 12) expired on fuels and mixtures used or sold after 12/31/17. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Public Law 116-94), enacted on December 20, 2019, retroactively extended the biodiesel and renewable mixture credits for sales and uses beginning January 1, 2018 through December 21, 2022.

Note: Notice 2020-08 provides requirements claimants must follow to make a one-time claim for payment of biodiesel (including renewable diesel) mixtures sold or used during 2018 and 2019. Claims for 2018 and 2019 must be filed on a single Schedule 3 Form 8849 and must be filed on or before August 11, 2020 biodiesel or renewable diesel mixture credit.

- (2) Public Law 117-169, commonly known as the Inflation Reduction Act, extended the biodiesel and renewable diesel mixture credits through December 31, 2024.
- (3) For claims that relate to periods other than the calendar years of 2017, 2018, and 2019, a credit must first be taken on Form 720, Schedule C, to reduce the taxable fuel liability for gasoline, diesel fuel, and kerosene (IRS Nos. 60, 104, 35, 69, 77, 62, and 14) reported on Form 720. The credit taken against the claimant's tax liability must be determined without regard to the LUST tax liability. Any excess credit may be filed on Form 720, Schedule C, Form 8849, Schedule 3, Certain Fuel Mixtures and the Alternative Fuel Credit, Form 4136, Credit for Fuel Tax Paid on Fuels, or Form 8864, Biodiesel and Renewable Diesel Fuels Credit.
- (4) 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. The claim requirements are below:
 - The claim must be for a biodiesel or renewable diesel mixture sold or used during a period that is at least 1 week.
 - The amount of the claim must be at least \$200.00. To meet this minimum, amounts from lines 12 and 13 may be combined. (If this requirement and the one above cannot be met, the taxpayer must file an annual claim Form 4136, Credit for Federal Tax Paid on Fuels.)
 - 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. If used in aviation, kerosene is treated as if it is diesel fuel.

Note: Renewable diesel no longer includes fuel derived from biomass that meets the requirements of a Department of Defense specification for military jet fuel or an American Society for Testing & Materials specification for aviation turbine fuel. In addition, kerosene is no longer treated as diesel fuel for purposes of the renewable diesel mixture credit. These changes are effective for fuel sold or used after December 31, 2022.

- 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. (See the Form 720 Instructions for additional information.)
- (5) Public Law 117-169 commonly known as the Inflation Reduction Act, created a new sustainable aviation fuel credit for mixtures sold or used after December 31, 2022.
- The sustainable aviation fuel credit is \$1.25 plus a supplementary amount equal to \$.01 for each percentage point by which the lifecycle greenhouse gas emissions reduction percentage with respect to such fuel exceeds 50 percent. The supplementary amount shall not exceed \$.50.
 - The claim must be for sustainable aviation fuel sold or used during a period that is at least one week. The amount of the claim must be at least \$200.00. To meet this minimum, amounts from lines 12 and 13 may be combined. (If this requirement and the one above cannot be met, the taxpayer must file an annual claim Form 4136, Credit for Federal Tax Paid on Fuels.)
- (6) The IRC 6426 alternative fuel mixture and IRC 6426 alternative fuel credits (and IRC 6427 payments) expired on December 31, 2017. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Pub. L. 116-94), enacted on December 20, 2019, retroactively extended the alternative fuel and alternative fuel mixture credits for sales and uses beginning January 1, 2018 through December 31, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Pub. L. 116-260), enacted December 27, 2020, extended the credits to December 31, 2021.

Note: Notice 2020-08 provides requirements claimants must follow to make a one-time claim for payment of alternative fuels sold or used during 2018 and 2019. Claims for 2018 and 2019 must be filed on a single Schedule 3 Form 8849 and must be filed on or before August 11, 2020.

Note: Notice 2020-08 provides requirements claimants must follow to claim the alternative fuel mixture credit for 2018 and 2019. For the 2018 and 2019, all alternative fuel mixture credit claims must be made on Form 720-X. Claimants must file one Form 720-X for 2018 claims and a separate Form 720-X for 2019 claims.

Note: The alternative fuel mixture credit claims for any quarter may not exceed the claimant's IRC 4081 liability incurred in the quarter for which the credit is being claimed. Further, IRC 6430 provides in part that the alternative fuel

mixture credit shall not be applied against tax imposed at the Leaking Underground Storage Tank Trust Fund financing rate.

- (7) The IRC 6426 alternative fuel mixture and IRC 6426 alternative fuel credits (and IRC 6427 payments) expired on December 31, 2021. Public Law 117-169, commonly known as the Inflation Reduction Act, retroactively reinstated and extended the alternative fuel and alternative fuel mixture credits through December 31, 2024.

Note: Notice 2022-39 provides requirements claimants must follow to make a one-time claim for the alternative fuel credit for the first, second, and third quarters of 2022. Claims for the first, second, and third quarters of 2022 must be filed on a single Form 8849, Schedule 3, and must be filed on or before April 11, 2023.

Note: Notice 2022-39 also provides requirements claimants must follow to claim the alternative fuel mixture credit for the first and second quarters of 2022. For the first and second quarters of 2022, all alternative fuel mixture credit claims must be made on Form 720-X.

- (8) The alternative fuel credit claimant is the registered alternative fueler who:
- Sold an alternative fuel at retail and delivered it into the fuel supply tank of a motor vehicle or motorboat,
 - 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,
 - Used an alternative fuel (not sold at retail or in bulk as described above) in a motor vehicle or motorboat, or
 - Sold an alternative fuel for use as a fuel in aviation.
- (9) For claims that relate to periods other than the calendar years of 2017, 2018, and 2019, an alternative fuel credit must first be taken on Schedule C to reduce the liability for the claimant's IRC 4041 tax liability (IRS Nos. 112, 118, 120, 121, 122, 123, 124, and 79) reported on Form 720. The credit taken against the claimant's tax liability must be determined without regard to the LUST tax liability. Any excess credit may be claimed on Schedule C (720), Form 8849 (Schedule 3), or Form 4136.
- (10) The alternative fuel mixture credit claimant is the registered alternative fueler that produced and sold or used the mixture as a fuel in their trade or business. The credit is based on the gallons of alternative fuel in the mixture. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Public Law 116-94) clarified alternative fuel mixtures mean a mixture of taxable fuel and alternative fuel other than liquefied petroleum gas (LPG), compressed natural gas (CNG), liquefied natural gas (LNG), liquefied gas derived from biomass, and compressed gas derived from biomass.
- (11) The alternative fuel mixture credit must first be taken on Schedule C to reduce the taxable fuel liability for gasoline, diesel fuel, and kerosene (IRS Nos. 60, 104, 35, 69, 77, 111, 62, and 14) reported on Form 720. The credit taken against the claimant's tax liability must be determined without regard to the LUST tax liability.

Note: Alternative fuel mixtures produced after 12/31/2011 can only be claimed on Schedule C (Form 720) or Form 720-X.

- (12) 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.
- (13) The alternative fuel credit claimant must be registered by the IRS with a Form 637 Registration, Activity Letter "AL". The alternative fuel mixture credit claimant must have an activity letter "AM."

4.24.22.4.1.6.4
(01-13-2023)

Other Claims (Line 14)

- (1) Under IRC 4051(d), if taxed tires are sold on or in connection with the sale of a vehicle that is taxable under IRC 4051, a credit (only) can be taken in the amount of the tax on Schedule C, Other Claims, line 14a, using CRN 366. The credit must be claimed by the person liable for the tax reported on IRS No. 33 (retail tax on trucks). These claims are not allowable on Form 8849.
- (2) Exported dyed diesel fuel, and dyed kerosene claims that are exported in a trade or business, may be filed during the period of the claim on Schedule C, "Other Claims" lines 14b and 14c. Claims for exported gasoline blendstocks taxed at \$.001 per gallon may be made on line 14b. (Claims for exported gasoline blendstocks taxed at \$.184 per gallon are made on Schedule C, line 1b, Nontaxable Use of Gasoline.) The claim rate for each fuel is \$.001 per gallon.
- (3) Diesel-water emulsion claims may be filed for fuel used during the period of claim. The claim requirements are the same as nontaxable fuel under IRM 4.24.22.4.1.6.1, Nontaxable Use of Fuel Claims. The table below describes the type of fuel, the type of use, CRN, claim rate and claim location (line number) on Schedule C:

Type of Fuel	Type of Use (See Type of Use Table under IRM 4.24.22.4.1.6)	CRN	Claim Rate	Claim Can be Filed On
Diesel water fuel emulsion	1, 2, 3, 5, 6, 7, 8, or 12	309	\$.197	"Other Claims", Schedule C, line 14d
In certain intercity and local buses	5	309	\$.124	"Other Claims" Schedule C, line 14d
Exported	3	306	\$.198	"Other Claims" Schedule C, line 14d

Type of Fuel	Type of Use (See Type of Use Table under IRM 4.24.22.4.1.6)	CRN	Claim Rate	Claim Can be Filed On
Undyed diesel fuel taxed at \$.244	Used to produce a diesel-water fuel emulsion	310	\$.046	"Other Claims", Schedule C, line 14d Diesel-water fuel emulsion claim can also be filed on Form 8849, Schedule 6. (See IRM 4.24.22.4.5.6.12 for requirements.) The claimant must enter their registration number on line 14d.

- (4) Registered credit card issuers can file a claim on Form 720, Schedule C (page 5) "Other Forms" line 14e, and Form 8849, Schedule 8, Registered Credit Card Issuers. The registered credit card issuer is the only person eligible to make this claim. The claimant must enter their registration number on line 14e of Schedule C. The allowable sales are:

Allowable Sales	CRN	Claim Rate
Aviation gasoline	324	\$.193
Gasoline	362	\$.183
Diesel fuel	360	\$.243
Kerosene	346	\$.243
Kerosene for use in aviation	369	\$.218

- (5) Tire credit claims, (lines 14f through 14h) are allowed on Form 720 Quarterly Federal Excise Tax Return, by reporting on the associated Schedule C claims section and Form 8849, Schedule 6. See IRM 4.24.22.4.5.6.11, Form 8849, Schedule 6, Tire Tax. A credit or refund (without interest) is allowable to the person who paid the tax to the IRS on 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.

Note: A credit or refund (without interest) is also allowable on tax paid on tires sold by the person on, or in connection with, any other article that is sold or used

in an activity listed above. The person who made the sale of such articles equipped with tax paid tires is considered the person who paid the tax to the IRS.

- (6) The person who paid the tire tax is eligible to make the claim and must include:

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

Note: 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.

- (7) See IRM 4.24.22.4.1.4.8.1, Excise Tire Tax, for tire count adjustment procedures. See paragraph 1 above for information on tire credits under IRC 4051(d).

- (8) In addition to other claims reported on line 14 of Form 720 Schedule C, claims relating to the taxes listed in the table below may also be claimed on lines 14(i) thru 14(k). The person who is eligible to make the claim must include:

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

Tax	CRN	Correlating IRS No.
Ozone-depleting chemicals (ODCs)	398	98 (Tax figured on Form 6627)
Chemicals (other than ODCs)	454	54 (Tax figured on Form 6627)
Imported chemical substances	317	17 (Tax figured on Form 6627)
Oil spill liability	349	18 and 21 (Tax figured on Form 6627)
Truck, trailer, and semitrailer chassis and bodies, and tractors	383	33 (Tax figured on 12 percent of sales price)
Gas guzzler automobiles	340	40 (Tax figured on Form 6197, could be one time filer.)
Vaccines	397	97 (Tax is 75 cents per dose of any taxable vaccine)

Tax	CRN	Correlating IRS No.
Sport fishing equipment	341	41 (Tax is 10 percent of sales price)
Fishing rods and fishing poles	308	110 (Tax is 3 percent of sales price)
Fishing tackle boxes	387	114 (Tax is 3 percent of sales price)
Electronic outboard motors	342	42 (Tax is 3 percent of sales price)
Bows, quivers, broadheads, and points	344	44 (Tax is 11 percent of sales price)
Arrow shafts	389	106 (Tax is \$.55 per shaft) Note: Rates change frequently. See Form 720 for applicable rates.

4.24.22.4.1.7
(01-13-2023)

**Form 720-X, Amended
Quarterly Federal Excise
Tax Return**

- (1) Form 720-X, line 1 is used to report adjustments to tax liability reported for previous quarters.
- (2) Form 720-X, line 2, must be used for any adjustments to IRC 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. Form 720-X, must show an adjustment to IRS No. 33 on line 1 to allow the credit. Adjust the credit using CRN 366.
- (3) A claimant must be registered to file a claim for an alternative fuel credit and/or an alternative fuel mixture credit. If the claimant is not registered, they must apply for registration on Form 637, Application for Registration. Form 720-X, line 2, must be used to report any adjustment to IRC 6426, fuel credits. The claimant must have first used Form 720, Schedule C, to reduce their IRC 4041 or IRC 4081 fuel liability. (See Form 720 X instructions, line 2.) The claimant must use a separate line for each adjustment. See the table below for applicable types of credit, CRNs and credit rates.

Credit	CRN	Credit Rate
Biodiesel (other than agri-biodiesel) mixtures	388	\$1.00

Credit	CRN	Credit Rate
Agri-biodiesel mixtures	390	\$1.00
Renewable diesel mixtures	307	\$1.00
Sustainable aviation fuel (effective January 1, 2023)	440	\$1.25 - \$1.75
Liquefied petroleum gas (LPG)	426	\$.50
"P Series" fuels	427	\$.50
Compressed natural gas (CNG)	428	\$.50
Liquefied hydrogen Note: Terminates for sales or uses after December 31, 2022.	429	\$.50
Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	430	\$.50
Liquefied fuel derived from biomass	431	\$.50
Liquefied natural gas (LNG)	432	\$.50
Liquefied gas derived from biomass	436	\$.50
Compressed gas derived from biomass	437	\$.50

Note: Form 720-X, line 6, must be completed and provide a detailed explanation of each adjustment and the computation of the amount. The computation must include the number of gallons and credit rate per gallon. Any certificates or statements required for Schedule C lines, 12, 13, and 14 must also be attached. See Form 720-X for additional information.

Note: The IRC 6426 alternative fuel mixture and IRC 6426 alternative fuel credits (and IRS 6427 payments) have expired as of 12/31/2021. The credits previously expired on 12/31/17. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Public Law 116-94), enacted on December 20, 2019, retroactively extended the alternative fuel and alternative fuel mixture credits for sales and uses beginning January 1, 2018 through December 31, 2020. The

Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Public Law 116-260), enacted December 27, 2020, extended the credits to 12/31/2021.

- (4) The IRC 6415 conditions for claim allowance on Form 720-X apply to IRS Nos. 22, 26, 27, and 28. The claimant must have repaid the amount of the tax to the person from whom it was collected or have the consent of that person for the allowance of the adjustment.
- (5) The IRC 6416(a) conditions for claim allowance on Form 720-X apply to all other IRS Nos. except 18, 19, 20, 21, 29, 30, 31, 51, 64, 98, 117, 125 and 133; or if tax is based on use of IRS Nos. 71, 79, and 112, 118, 120-124. The claimant must not have included the tax in the price of the article and has not collected the tax from the purchaser or has the written consent of the ultimate purchaser for the allowance of the adjustment.
- (6) For each adjustment reported on line one of Form 720-X, a statement must be attached, or line 6 can be used for providing:
 - a. A detailed description of each adjustment, and
 - b. A computation of the amount claimed

Note: The supporting evidence is not required to be submitted with the claim.
- (7) Input any adjustment on MFT 03 for the quarter in which the tax was originally reported, or should have been reported, using TC 291 for a tax decrease or TC 290 for a tax increase, using the appropriate IRS No. Credit interest is allowable on an overpayment of tax liability reported on a Form 720 filed for previous quarters.
- (8) If the box on line 5b of Form 720-X is checked, the overpayment is shown on line 7 of Form 720. Line 6 of Form 720 should include the amount from line 7, if any, as an overpayment from a previous quarter.
- (9) Input any adjustment on MFT 03 for the quarter in which the tax was originally reported, or should have been reported, using TC 291 for a tax decrease or TC 290 for a tax increase on MFT 03 and appropriate IRS No. See IRM 20.1.4.10, Form 720 Reporting Requirements, if a failure to deposit penalty may apply.

4.24.22.4.1.7.1
(08-10-2021)
**Form 720-X, Tax
Increase**

- (1) For tax increases, input the tax increase on the appropriate prior tax period.
- (2) If you cannot determine there is an overpayment from the current period to satisfy the tax increase:
 - a. Wait for the TC 150 to post on the current quarter. However, do not jeopardize the statute of limitation.
 - b. If there is an overpayment on the current quarter, apply the overpayment to the prior quarter being adjusted, using TC 820 and TC 700.
 - c. Use the date the overpayment became available, which would be the due date/received date (whichever is later) of the current quarter.
 - d. Do not restrict interest. Normal debit interest (underpayment) rules apply.
 - e. Address the late deposit penalty and assess if applicable.

4.24.22.4.1.7.2
(08-10-2021)

**Form 720-X, Tax
Decrease**

(1) For tax decreases, see chart below:

If	Then
	Send CAT-A.
	Use expedite procedures and send CAT-A.
Claim (Form 720-X) allowed	<ol style="list-style-type: none"> 1. Input the tax decrease on tax period being corrected. 2. If the taxpayer requested a refund (Line 5, a), use amended claims date and allow overpayment to refund. 3. If the taxpayer is using the overpayment against their tax liability on the current quarter (Line 5, b), apply credit using TC 820 and TC 700. <ul style="list-style-type: none"> • On the 820 side, use the RDD of the tax period you are adjusting as the date the overpayment became available. On the 700 side, use the return due date (RDD) of the current quarter. • Compute interest from the later of the RDD, Late Return Received Date, Return Processable Date (RPD), or Credit Availability Date of the quarter being adjusted to the RDD of quarter where the overpayment is being used. See IRC 6611(g), for more information 4. If the taxpayer does not check either Line 5 box, use amended claims date and allow overpayment to refund.
Claim (Form 720-X) disallowed	Input appropriate disallowance adjustment and letter. If CAT-A, follow any special instructions provided by the Excise Revenue Agent.

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(2) If it is necessary to compute credit interest on a Form 720-X overpayment, see IRM 20.2.4, Overpayment Interest, and the chart below for assistance:

If	Then
Credit interest before 1/1/99 for a "Non-Corporate" taxpayer	Compute using COMPAC.
Credit interest on or after 1/1/99 for a "Non-Corporate" taxpayer	Compute using COMPA or COMPAD.
Credit interest before 1/1/95 for a "Corporate" taxpayer, regardless of the overpayment amount (See IRM 20.2.4.9 , Special Credit Interest Rules for Corporations, for the definition of a "Corporate" taxpayer.)	Compute using COMPAC.
Credit interest on or after 1/1/95 for a "Corporate" taxpayer and the overpayment amount is less than or equal to \$10,000 Caution: If the General Agreement for Tariffs and Trade (GATT) threshold has been met, the overpayment will be computed at the GATT interest rate (COMPAG), regardless of the overpayment amount. See IRM 20.2.4.9.2, Determining the GATT Threshold.	Compute using COMPAC.
Credit interest on or after 1/1/95 for a "Corporate" taxpayer and the overpayment amount is greater than \$10,000, or the GATT threshold has previously been met (See IRM 20.2.4.9.2, Determining the GATT Threshold.)	Compute using COMPAG (GATT). Note: Add the COMPAC (first \$10,000) with the GATT interest (over \$10,000) for the total interest allowed.

4.24.22.4.1.8
(08-10-2021)

**CP 183, Missing IRS No.,
Form 720**

- (1) CP 183 is generated with Form 15105 and issued to the taxpayer when the Form 720 does not provide a breakdown of the tax liability by IRS No. (abstract number). The notice requests a tax breakdown within 30 days.
- (2) When IRS Nos. are not identified by the taxpayer, the original return is coded with a Computer Condition Code (CCC) "Z" and processed with IRS No. 080 (unidentified/unknown IRS No.).
- (3) If the taxpayer provides a complete response, take the following action to correct the tax module:

- a. Input a TC 290 with zero and the appropriate IRS Nos. and amounts. If the taxpayer provides an amended tax return, the tax liability may need to be addressed on the ADJ54,
- b. On the same ADJ54 reverse the IRS No. 080 amount with a minus (-), and
- c. Review penalties and interest for correction.

Note: One time filings, returns reporting a net tax liability less than \$2,500, and IRS Nos. 20, 41, 42, 44, 51, 64, 106, 110, 114, 117, 125, 133, and 140, do not require federal tax deposits.

- (4) If the taxpayer's response is incomplete, attempt to secure the missing information by phone. If the taxpayer doesn't respond, send the taxpayer a 3011C letter explaining we were unable to correct the account based on the provided information.
- (5) If the taxpayer responds by phone, accept the information and correct the tax module following the steps under paragraph 3 above.

4.24.22.4.1.9
(01-13-2023)

Form 720-TO, Terminal Operator Report, and Form 720-CS, Carrier Summary Report

- (1) Form 720-TO, Terminal Operator Report, is an information return used by terminal operators to report their monthly receipts and disbursements of all liquid products to and from all approved terminals.
- (2) Form 720-CS, Carrier Summary, is an information return used by bulk transport carriers (barges, ships, and pipelines) who receive or deliver liquid product to or from an approved terminal or any other location designated by a Facility Control Number (FCN).

Note: Pipelines only file receipt or delivery transactions at an approved terminal.

- (3) Form 720-TO and Form 720-CS must be filed monthly. The report is due the last day of the month following the month in which the transaction occurs.

Example: The first month for reporting was April, 2009. The return had to be filed by May 31, 2009.

- (4) Electronic filing is required for each return reporting 25 or more transactions a month. However, all taxpayers are encouraged to electronically file. The forms are filed electronically through the Excise Summary Terminal Activity Reporting System (ExSTARS). Additional information is available at www.irs.gov/excise and in Pub 3536, Motor Fuel Excise Tax EDI Guide.
- (5) Forward Form 720-TO and Form 720-CS returns and correspondence to:

Internal Revenue Service

Attn: Excise Operation

Stop: 5701-G

Cincinnati, OH 45999

4.24.22.4.1.10
(08-10-2021)

Disregarded Entities

- (1) Generally, after December 31, 2007, qualified subchapter's subsidiaries (QSubs) and eligible single-owner disregarded entities are treated as separate entities for excise tax payments and reporting purposes. QSubs and eligible single-owner disregarded entities must pay and report excise tax activities, 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. If the taxpayer is unsure if they have an EIN, the taxpayer may call the IRS Business and Specialty Tax line at 1-800-829-4933.
- (2) 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). Example: Taxpayers filing a Form 4136, Credit for Federal Tax Paid on Fuels, with Form 1040, Individual Income Tax Return, can use the owner's TIN.

4.24.22.4.1.11
(08-10-2021)

**Electronic Filing for
Form 720, Quarterly
Excise Tax Return**

- (1) Electronic filing for Form 720, Quarterly Federal Excise Tax Return, is available through an Electronic Return Originator (ERO), transmitter, and/or Intermediate Service Provider (ISP) participating in the IRS e-file program for excise taxes. The ERO, ISP and Transmitter can be separate entities; however, most of the electronic filed returns are filed using a web-based service provider.
- (2) The Modernized e-File (MeF) system allows two alternative signature options for business taxpayers and the ERO to sign electronic returns filed via MeF. The taxpayer must decide whether to use a Personal Identification Number (PIN) to sign the return or whether they authorize the ERO to enter the PIN chosen by the ERO. The filer can choose to sign the applicable Form 8453, U.S. Individual Income Tax Transmittal for an IRS e-file Return, that must be scanned and attached to the return when transmitted. A paper copy of the scanned Form 8453 should not be mailed to the IRS. The business filer can also choose the Practitioner PIN Option, using the applicable Form 8879, e-file Signature Authorization, that is retained by the ERO as part of the taxpayer's record and is not sent to the IRS. An electronic return will be rejected if the required signatures are not present. See IRM 3.42.4, IRS e-file For Business Income Tax Returns, for additional information.

4.24.22.4.1.12
(01-13-2023)

**Form 720, Excise Tax
Reported on Duplicate,
Amended, or
Supplemental Returns**

- (1) A duplicate filing condition occurs when a return (TC 976) posts to a module already containing an original return (TC 150). IDRS generates a -A freeze which prevents any refund or offset from the tax module until an adjustment (TC 29X) is input. IDRS also generates a Transcript (TRNS) 193 or TRNS 293 which is associated with the TC 976 tax return. All excise duplicate filing conditions are systemically controlled on IDRS with category DUPX. All duplicate filing conditions age in 45 days and are not considered correspondence. If correspondence is attached to the duplicate return, the case must be re-controlled with category "TPRQ". See IRM 21.7.9, BMF Duplicate Filing Conditions, for additional information.
- (2) The -A freeze must be resolved before closing the case. Determine and resolve the duplicate filing condition by examining and comparing the return and IDRS information. Use the TRNS 193, duplicate return, CFOL command codes (CCs), and original return (secure only if absolutely necessary) to resolve the case.

- (3) The generation of the TRNS 193 is considered the first request for the missing tax return. If the TRNS 193 is received with the duplicate return:
 - Research IDRS CCs and/or pull returns from Files to determine if the tax reported on the duplicate, amended or supplemental return should be considered as a tax increase or tax decrease. See IRM 21.7.9.4.1, Resolving TRNS 193s and Amended/Corrected/Supplemental Returns, for additional information.
 - If it is determined the duplicate return is a true duplicate (no change), see IRM 21.7.9.4.1.3, True Duplicate.
- (4) If the TRNS 193 is received without the duplicate return attached:
 - a. Research the Business Return Transaction File View (CC BRTVU) to determine if it is a true duplicate and/or for another tax period.
 - b. If Files is unable to secure the return, input another request as **Special Search** and suspend the case for 15 days.
 - c. If a copy of the return cannot be secured from Files after 15 days, attempt to call the taxpayer to request a copy of the return(s). If unable to reach the taxpayer by phone, send Letter 418C to request a copy of the returns(s) and suspend the case for 40 days.
- (5) If the return has not been secured, the suspense period has ended, and no payment was received with duplicate return:
 - a. Input TC 290 \$.00 to release the -A freeze.
 - b. Send appropriate C-letter to the taxpayer to inform them of the determination.
- (6) If a payment was received with the duplicate return:
 - a. Assess tax equal to the payment amount.
 - b. If module credit balance is in excess of payment submitted with return, determine reason for additional excess credit.
 - c. Resolve any misapplied payments or other module freeze conditions before making an assessment.
- (7) Follow the guidelines in IRM 21.5.2.4.23.11, Reprocessing Dummy Returns, when it is necessary to recreate or reprocess a return.
- (8) When adjusting accounts:
 - Use caution when inputting Hold Codes. See IRM 21.5.2.4.15, Rules on Hold Codes.
 - Posting Delay Codes are used to make some transactions post later than others when multiple transactions are required to adjust an account. See IRM 21.5.2.4.17, Posting Delay Code (PDC).
- (9) Input TC 29X to adjust tax, use appropriate IRS No. to match tax adjustment. For credit adjustment, use appropriate CRN to match credit adjustment.

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4.24.22.4.2
(08-10-2021)
**Form 2290, Heavy
Highway Vehicle Use
Tax Return**

- (1) Form 2290, Heavy Highway Vehicle Use Tax Return, is used to figure and pay the tax due on the use of highway motor vehicles with a taxable gross weight of 55,000 pounds or more on public highways in the United States.
- (2) A highway motor vehicle includes any self-propelled vehicle designed to carry a load over public highways, whether or not also designed to perform other functions.
- (3) A public highway is any road in the United States that is not a private roadway. This includes federal, state, county, and city roads.
- (4) The MFT is 60 and the tax class is 4.
- (5) Form 2290(SP) and Instructions for Form 2290(SP) are available for Spanish speaking taxpayers.

Reminder: Form 2290 filers must have an Employer Identification Number to file the return and pay the tax. A Social Security Number cannot be used to file the Form 2290 tax return.

4.24.22.4.2.1
(08-10-2021)
**Form 2290, Taxable
Period and Due Date**

- (1) The taxable period begins each July 1 and ends the following June 30.
- (2) For vehicles first used in July of the taxable period, Form 2290 is due by August 31.
- (3) For vehicles first used after July of the taxable period, Form 2290 for that period is due by the last day of the month following the month of first use.
- (4) Some taxpayers file several tax returns for one tax period. This is usually done because they have several offices and each office needs its own Schedule 1. Do not send a 673C letter in these situations.

4.24.22.4.2.2
(08-10-2021)
**Form 2290, Who Must
File**

- (1) A person must file a Form 2290 if the vehicle is registered, or required to be registered, in the person's name under state, District of Columbia, Canadian, or Mexican law, at the time:
 - The vehicle is first used on public highways during the period,
 - A suspended vehicle exceeds the mileage use limit (5,000 miles, 7,500 miles for agricultural vehicles), or
 - An increase in the taxable gross weight of the vehicle results in an additional tax liability.
- (2) A Form 2290 must also be filed by a person who acquires a vehicle for which tax had been suspended under the previous owner.

4.24.22.4.2.3
(08-10-2021)
**Form 2290, Required
Proof of Payment**

- (1) A State must receive proof of payment of the IRC 4481 tax or an acceptable substitute from the taxpayer before it will register a taxable vehicle subject to the tax. The IRC 4481 tax is reported on the Form 2290 return. In general, proof of payment consists of a the receipted (stamped) Form 2290, Schedule 1 that is returned by the IRS after processing the tax return. A photocopy of the receipted Schedule 1 also serves as proof of payment.
- (2) The following list provides acceptable substitutes:

- Photocopy of the Form 2290 (with Schedule 1 attached) which was filed with the IRS, and sufficient documentation that the taxpayer paid the tax due at the time the Form 2290 was filed (such as a photocopy of both sides of the cancelled check),
 - Original or a photocopy of the bill of sale showing that the vehicle was purchased either new or used within the last 60 days per Treas. Reg. 41.6001-2(b)(1), or
 - The State may use the proof of payment for the immediately preceding taxable period if the taxpayer submits an application for registration in the months of July, August, September per Treas. Reg. 41.6001-2(b)(4).
- (3) The table below will assist Centralized Excise Operations and Taxpayer Assistance Centers (TAC) employees with proof of payment determination.

If	And	Then
First Owner	States they need a Schedule 1 so they can register their vehicle	<p>Ask if they have purchased the vehicle within the last 60 days:</p> <p>1. If yes,</p> <ul style="list-style-type: none"> • they do not need a Schedule 1 to register the vehicle. • they must file a return and pay the tax. • State agency will register the vehicle with a Bill of Sale (original or photocopy). <p>2. If no (more than sixty days),</p> <ul style="list-style-type: none"> • the owner must file a return and pay the tax to receive a stamped Schedule 1 for registration.

If	And	Then
Second Owner	Second owner is inquiring if they need to file Form 2290 and pay the tax on their vehicle.	<p>Second owner must file Form 2290 by the last day of the month following the month the vehicle is first used by them on a public highway.</p> <ul style="list-style-type: none"> • Second owner is liable for the tax for remaining months the vehicle is used by that owner on public highways through June 30th. • Return and payment are due by the last day of the month following the month they first use the vehicle on a public highway. • If tax was suspended by first owner, second owner may continue the suspension on the Form 2290 they file. • Second owner can use Bill of Sale (original or photocopy) within 60 days of purchase to register the vehicle.

4.24.22.4.2.4
(08-10-2021)

**Form 2290, Missing
Schedule 1**

- (1) If the taxpayer filed a paper Form 2290, there is a possibility that the paper Schedule 1 can be misplaced by the taxpayer or lost during the mailing process described under IRM 4.24.22.4.2.3, Form 2290, Required Proof of Payment. Telephone requests for a missing Schedule 1 are received frequently by the Centralized Excise Operations.
- (2) The Service will replace a missing Schedule 1 for the current tax period. If the taxpayer makes a request for a prior tax period, advise the taxpayer to file Form 4506, Request for Copy of Tax Return. See IRM 21.3.6.4.3, Taxpayer Request for Copies of Tax Returns, for additional information.

Exception: If a state agency requires the taxpayer to provide a prior year(s) proof of payment for registration purposes, the Service will provide copies without a Form 4506. The taxpayer must provide documentation indicating the state's prior year proof of payment requirement.

- (3) The tax return must be filed and the tax paid before a stamped Schedule 1 can be obtained as proof of payment. If a payment is not found on the appropriate tax module and the caller indicates payment was sent to the IRS, research IDRS for the missing payment. See IRM 21.5.7.3, Missing Payments Research, for additional information.
- (4) The taxpayer may use an acceptable proof of payment substitute to register a taxable vehicle. See IRM 4.24.22.4.2.3, Form 2290, Required Proof of Payment, for additional information.

- (5) Before providing a replacement for a missing Schedule 1, verify that the replacement Schedule 1 reports the same amount and category of vehicles that was originally reported by the taxpayer.
- (6) Use the chart below to assist an established (after the first year) Form 2290 filer with securing a replacement Schedule 1.

Note: If the taxpayer calls the Excise toll-free line and indicates a stamped Schedule 1 is required within 24 to 48 hours (e.g., the taxpayer is calling from a state Department of Motor Vehicles (DMV) office), this will be considered an emergency situation.

Scenario	If Taxpayer	And	Then
1	Filed the return electronically (e-file)	Paid the tax	Advise the taxpayer to secure the Schedule 1 from their software developer/transmitter (online vendor). If the taxpayer does not have access to the vendor's website and the taxpayer needs a Schedule 1 immediately, follow these steps: <ol style="list-style-type: none"> 1. Secure the Schedule 1 via the Employee User Portal (EUP). 2. Verify the tax has been paid in full. 3. Stamp the Schedule 1 with the official IRS "Received" or "Received with Remittance" date stamp, using the date of the payment shown on CC BMFOLT, or, if no tax due, the date the return was filed.
2	Has not filed a return, not paid the tax	This is an emergency.	Provide the following options: <ul style="list-style-type: none"> • The taxpayer may e-file the Form 2290. Direct the caller to the IRS e-file provider link at www.irs.gov/trucker. • The taxpayer may make an appointment at the nearest Taxpayer Assistance Center (TAC), to file a return, pay the tax, and have the Schedule 1 stamped. The taxpayer must call 1-844-545-5640 between the hours of 7 a.m. – 7 p.m. local time to schedule an appointment. Walk-in service is no longer available.
3	Has not filed a return, not paid the tax	This is not an emergency.	Provide the following options: <ul style="list-style-type: none"> • The taxpayer may e-file the Form 2290. Direct the caller to the IRS e-file provider link at www.irs.gov/trucker. • The phone assistor may assist the caller with securing a blank Form 2290 and provide preparation guidance, if needed. • The taxpayer may make an appointment at the nearest Taxpayer Assistance Center (TAC), to file a return, pay the tax, and have the Schedule 1 stamped. The taxpayer must call 1-844-545-5640 between the hours of 7 am – 7 pm local time to schedule an appointment. Walk-in service is no longer available.

Scenario	If Taxpayer	And	Then
4	Filed a return, paid the tax, has a copy of the Schedule 1	This is an emergency situation.	<p>Provide the following options:</p> <ul style="list-style-type: none"> The phone assistor may assist the caller with obtaining a replacement Schedule 1 by following these steps: <ol style="list-style-type: none"> Advise the caller to fax a copy of the Schedule 1 to the local fax number. Verify the return has been filed and the tax paid in full. Stamp the Schedule 1 with the official IRS "Received" or "Received with Remittance" date stamp, using the date of the payment shown on CC BMFOL, or, if no tax was due, the date the return was filed. Fax or mail the Schedule 1 to the taxpayer. The taxpayer may make an appointment at the nearest Taxpayer Assistance Center (TAC), to file a return, pay the tax, and have the Schedule 1 stamped. The taxpayer must call 1-844-545-5640 between the hours of 7 am – 7 pm local time to schedule an appointment. Walk-in service is no longer available.
5	Filed a return, paid the tax, did not keep a copy of Schedule 1, can provide you with the VIN(s)	This is an emergency situation.	<p>Provide the following options:</p> <ul style="list-style-type: none"> The phone assistor may assist the caller with obtaining a replacement Schedule 1 by following these steps: <ol style="list-style-type: none"> Prepare a new Schedule 1 for taxpayer by duplicating the original in its entirety. Verify the return has been filed and the tax paid in full. Stamp the Schedule 1 with the official IRS "Received" or "Received with Remittance" date stamp, using the date of the payment shown on CC BMFOLT, or, if no tax was due, the date the return was filed. Advise the caller that the IRS will review the original return and match the VIN numbers with the VIN numbers provided by phone. If the VIN numbers do not match, the IRS will assess any additional tax due and issue a balance due notice. The taxpayer may make an appointment at the nearest Taxpayer Assistance Center (TAC), to file a return, pay the tax, and have the Schedule 1 stamped. The taxpayer must call 1-844-545-5640 between the hours of 7 am – 7 pm local time to schedule an appointment. Walk-in service is no longer available.

Scenario	If Taxpayer	And	Then
6	Filed a return, paid the tax, did not receive stamped Schedule 1	This is not an emergency situation	<p>Provide the following options:</p> <ul style="list-style-type: none"> The taxpayer may be able to use an acceptable proof of payment substitute. Probe the caller and determine whether a substitute applies to the situation (See IRM 4.24.22.4.2.3, Form 2290, Required Proof of Payment.) The phone assistor may assist the caller with obtaining a replacement Schedule 1 by following these steps: <ol style="list-style-type: none"> Verify the return has been filed and the tax paid in full. Advise the caller we can request the original Form 2290 and send a copy of the Schedule 1. This process may take 4 to 6 weeks. If the caller prefers not to wait, provide the caller with the Form 2290, Schedule 1, Expedite Fax Line number (855-386-5124) OR The taxpayer may make an appointment at the nearest Taxpayer Assistance Center (TAC), to file a return, pay the tax, and have the Schedule 1 stamped. The taxpayer must call 1-844-545-5640 between the hours of 7 a.m. – 7 p.m. local time to schedule an appointment. Walk-in service is no longer available.

4.24.22.4.2.5
(08-10-2021)
**Form 2290, Taxpayer
Payment**

- (1) The payment must show an Employer Identification Number (EIN) and the beginning date of the tax period. A Social Security Number (SSN) cannot be used to make a payment.
- (2) There are four methods of payment:
 - Electronic Federal Tax Payment System (EFTPS);
 - Electronic funds withdrawal (direct debit) with electronic filing;
 - Check or money order using the Form 2290-V, Payment Voucher; and
 - Credit or debit card from an approved payment processor for a fee.
- (3) Using EFTPS is voluntary. For the EFTPS payment to be timely, the taxpayer must make the transaction one business day before the payment is due. See IRM 4.24.22.4.2.11, Form 2290, Electronic Filing For Taxpayers Reporting 25 Or More Vehicles.

4.24.22.4.2.5.1
(08-10-2021)
Balance Due Payment

- (1) Assisting taxpayers with balance due accounts is the responsibility of all contact employees. When a balance due inquiry is received by phone or correspondence, it is important to be aware of the Master File and Collection Status Codes to determine whether you should work the issue. See IRM 5.19.1.3, Referrals or Redirect, for detailed information.

- (2) If the taxpayer can full pay the balance due amount now, provide the taxpayer with a payoff amount. See Exhibit 5.19.1.6.2, Can Full Pay Balance Due Now (Payoff), for additional information.
- (3) If the taxpayer is unable to pay the Form 2290 tax liability in full, requests an extension to pay the tax, or has an outstanding balance due, the taxpayer is entitled to request an installment agreement (IA). **However, the taxpayer cannot receive a stamped Schedule 1 to register a vehicle until the total tax is paid in full.**
- (4) Requests for IA on Form 2290 accounts are forwarded to the Collection Function for processing. Once the installment payments are received and the total tax is paid in full, the taxpayer may request a stamped Schedule 1 from the Cincinnati Centralized Specialty Tax Operation. The Operation will verify full payment and issue the stamped Schedule 1.

4.24.22.4.2.6
(08-10-2021)
**Form 2290, Taxable
Gross Weight**

- (1) The "Tax Computation" table on page 2 of Form 2290, Heavy Highway Vehicle Use Tax Return, provides the taxable gross weight for each vehicle category code (A through V) and the annual tax (vehicles used during July) due per taxable vehicle.
- (2) Refer to Form 2290 instructions, Partial Period Tax Tables, Table 1, for the amount of prorated tax due for vehicles first used after July.
- (3) The tax rate for logging vehicles is reduced by 25 percent. This reduction is reflected in the annual tax and partial period tax tables. A vehicle qualifies as a logging vehicle if:
 - 1. It is used exclusively for the transportation of products harvested from the forested site, or it exclusively transports the products harvested from the forested site to and from locations on a forested site (public highways may be used between the forested site locations), and
 - 2. It is registered (under the laws of the State or States in which the vehicle is required to be registered) as a highway motor vehicle used exclusively in the transportation of harvested forest products.
- (4) Beginning July 1, 2005, the reduced rate of tax for Canadian and Mexican vehicles was repealed per the American Jobs Creation Act, HR 4520. Taxpayers reporting Canadian or Mexican vehicles must use column (1) (a) of Form 2290, "Tax Computation" table to figure their annual tax.

4.24.22.4.2.7
(08-10-2021)
**Form 2290, Statement In
Support Of Suspension
Of Tax**

- (1) Statement in Support of Suspension of Tax, Part II of Form 2290, must be completed if taxpayer expects to use a vehicle on public highways 5,000 miles or less (7,500 miles or less for agricultural vehicles) during the tax period.
- (2) Tax on that vehicle is suspended for the tax period if the mileage use limit is not exceeded.

4.24.22.4.2.8
(08-10-2021)
**Form 2290, Vehicle Sold
while Tax is Suspended**

- (1) If a vehicle is sold while under suspension, the suspension of tax continues until the vehicle is used more than 5,000 miles (7,500 for agricultural vehicles) during the taxable period.

- (2) If, after the sale, the use of the vehicle exceeds the mileage use limit (including the highway mileage recorded by the seller during the taxable period, the buyer is liable for the tax. The seller also may be liable for tax (see paragraphs 3 and 4, below).
- (3) The seller will not be liable for any tax on the use of the vehicle for the taxable period if the seller provides the buyer with a statement that includes:
 - Seller's name, address, and EIN,
 - Vehicle Identification Number (VIN),
 - Date of sale,
 - Number of taxable miles the vehicle has been used on the public highways during the taxable period,
 - Odometer reading at beginning of the taxable period,
 - Odometer reading at time of sale, and
 - Buyer's name, address and EIN
- (4) If the seller does not provide the required sale statement to the buyer, then the seller is also liable for the tax during the taxable period. See IRM 4.24.22.4.2.12, Used Vehicles, for the previous and second owner's tax responsibility.
- (5) The new owner files Form 2290 by the last day of the month following the month in which the vehicle was first used by the new owner. The required sale statement explained in paragraph (3) and is attached to the tax return.

4.24.22.4.2.9
(08-10-2021)

**Form 2290, Taxable
Gross Weight Increases
During Taxable Period**

- (1) If the taxable gross weight of a vehicle increases during the taxable period and the vehicle falls under a new category, the taxpayer must file an amended tax return reporting the additional tax due. The taxpayer is required to check the Amended Return box and to the right of "Amended Return" write the month the taxable gross weight increased.
- (2) The amended tax return and payment of tax is due by last day of month following month in which taxable gross weight increased and is reported on Line 3, "Additional tax from increase in taxable gross weight."
- (3) The Form 2290 Instructions provide a computation worksheet to determine the additional tax due. The worksheet is located under the Line 3 instructions.
- (4) Use a TC 298 to assess the additional tax on the tax period the vehicle was originally reported. The due date of the amended return is used as the interest start date.

4.24.22.4.2.10
(08-10-2021)

**Form 2290, Exceeding
Mileage Use Limit**

- (1) If Form 2290 has been filed to suspend the tax and the vehicle is used more than 5,000 miles (7,500 for agricultural vehicles), an amended Form 2290 must be filed and the tax paid.
- (2) Once the mileage use limit is exceeded, tax is due for the taxable period, regardless of when the limit was exceeded and is computed on the basis of the month the vehicle was first used in that period. If a suspended vehicle exceeds 5,000 miles (7,500 for agriculture) within the tax period, the tax is due as follows:

Vehicle Suspended	First Used on Highway	Exceeded 5,000 Miles (7,500 Agriculture Vehicle)	Liable for Tax From
July	July	April	July 1 through June 30th
July	February	May	February 1 through June 30th

- (3) No interest is charged if return is filed and tax is paid by last day of month following month in which vehicle use exceeded 5,000 miles (7,500 for agricultural vehicles).
- (4) Assess tax using TC 298 with due date of return on which vehicles were reported as taxable as interest start date.
- (5) The taxpayer is required to check the Amended Return box on page 1 of Form 2290 and to the right of "Amended Return" write the month in which the mileage use limit was exceeded. If the taxpayer does not indicate when the vehicle exceeded 5,000 miles (7,500 miles for agricultural vehicles), assess tax with TC 290 and let interest compute as normal. Contact taxpayer explaining that the month vehicle exceeded 5,000 miles (7,500 for agricultural vehicles) could not be established.

4.24.22.4.2.11
(08-10-2021)

Form 2290, Electronic Filing for Taxpayers Reporting 25 or More Vehicles

- (1) Treasury Decision 9698 contains final regulations that provide guidance on the mandatory electronic filing of Form 2290, Heavy Highway Vehicle Use Tax Return, reporting 25 or more vehicles. For purposes of defining 25 or more, this includes the number of vehicles for which tax is reported and does not include tax suspended vehicles.
- (2) Filing a paper Form 2290 for 25 or more vehicles does not constitute a failure to file (FTF) for the purposes of penalty under Section 6651 and the IRS will not withhold a receipted Schedule 1 for not electronically filing the return. The IRS and the Treasury Department continue to consider ways to ensure compliance with the electronic filing requirement.
- (3) The Employee User Portal (EUP) is used to access electronically filed tax returns. See IRM 3.42.8.6.1.1, Employee User Portal (EUP), for system access information.
- (4) The Schedule 1 is systemically sent to the Electronic Return Originator (ERO). The ERO or the Intermediate Service Provider (ISP) will provide the taxpayer with an electronically receipted (water marked) Schedule 1.
- (5) The taxpayer can file multiple tax returns and/or amended returns electronically. See IRM 4.24.22.4.1.11, Electronic Filing for Form 720, Quarterly Excise Tax Return, for information on signature requirements.

4.24.22.4.2.11.1
(08-10-2021)

**Schedule 1 (Form 2290),
Consent to Disclosure of
Tax Information**

- (1) Beginning July 1, 2007, the Consent to Disclose Tax Information document was included with the Form 2290. The document must be signed by the taxpayer and/or third party before information can be shared with participating states. The information shared includes:
 - VINs (vehicle identification numbers) reported on Schedule 1, and
 - Verification that tax has been paid (reported on line 6 of Form 2290) .
- (2) If the document is signed, IRS may disclose the information to the federal Department of Transportation (DOT), U.S. Customs and Border Protection (CBP), and to the state Departments of Motor Vehicles (DMV).

4.24.22.4.2.12
(08-10-2021)

Used Vehicles

- (1) The buyer of a used taxable vehicle is required to keep records showing whether there was a use of the vehicle or a suspension of the tax during the period before the vehicle was registered in the name of the buyer. The evidence of use may be a written statement signed and dated by an individual or dealer from whom the buyer purchased the vehicle.
- (2) If a previous owner of a registered vehicle uses the vehicle first during a taxable period, the previous owner is liable for the tax only for the months the vehicle was used by the previous owner. See IRM 4.24.22.4.2.14, Form 2290, Claims, for information about prorating the tax for claiming a refund. See IRM 4.24.22.4.2.8, Form 2290, Vehicle Sold While Tax is Suspended, for information about vehicles transferred while tax is suspended. See IRM 4.24.22.4.2.12.1, Privately Purchased Used Vehicles, for information about vehicles purchased privately.
- (3) The second owner is liable for the tax for the remaining months of the taxable period the vehicle is used on public highways by the second owner (prorated tax period). Form 2290 must be filed and the tax paid by the last day of the month after the month the vehicle is first used on a public highway.
- (4) If the previous owner used the vehicle on public highways and has not paid the tax, and the new owner uses the vehicle before the end of the taxable period, the new owner becomes liable for the total tax for the entire period to the extent not paid by the previous owner. The new owner must file Form 2290 and pay the tax by the last day of the month after the month notification is received from the IRS that the tax has not been paid in full.

4.24.22.4.2.12.1
(08-10-2021)

**Privately Purchased
Used Vehicles**

- (1) Treasury Decision 9698 provides guidance on the tax computation for privately purchased used vehicles. If a vehicle is sold on or after July 1, 2015, but before June 1, 2016 (allowing a credit or refund of tax to the seller because the tax was paid in full) and the buyer's first taxable use (such as driving it from the purchase location to the buyer's home or business location) is in the month of sale, the buyer may prorate their tax by one month.

Example: John, the seller, paid the tax in full for the tax period July 2015 through June 2016 and sold Jane, the buyer, the vehicle on January 4, 2016. On the date of purchase, Jane drove the vehicle on public highways. She is required to file a tax return by February 29, 2016. The tax return will report a prorated total tax for the period February 2016 to June 2016.

Caution: Although the tax is prorated by one month, the due date of the Form 2290 does not change. The buyer should enter the month after the sale on the Form 2290, Line 1. In the example above, Jane will enter

February (201602) on Line 1 of the Form 2290. In the example above, Jane will enter February (201602) on Line 1 of the Form 2290, and the due date will be February 29, 2016.

- (2) If a vehicle is sold, the name and address of the purchaser must be included with the seller's claim for a credit or refund of tax paid. Refer to IRM 4.24.22.4.2.14, Form 2290, Claims, for additional supporting documentation requirements.
- (3) The tax on the buyer's use of a vehicle after the purchase is computed by multiplying a full tax period's tax by a fraction. The fraction numerator is the number of months in the period from the first day of the month after the month of sale through the end of the tax period and the fraction denominator is 12 (the number months in the entire tax period).

Example: On June 2, 2015, Jack paid the full tax of \$430 for the use of his 70,000 pound taxable vehicle (July 2015 through June 2016). Jill purchased the used vehicle from Jack on September 8, 2015 and drove it on a public highway from Jack's home to her business location. Jack, the seller, can claim a credit or refund of the tax he paid on the 9 months after the sale. Since the seller paid the tax in full for the tax period and Jill's first taxable use was to drive the vehicle to her business location in the month of sale (September), her prorated tax is computed from the first day of the next month (October) through the end of the taxable period, June 30, 2016. Jill's prorated tax is \$322.50 (9 (October through June) / 12 (July through June) X \$430).

4.24.22.4.2.13
(08-10-2021)
Dual Registration

- (1) If a taxable vehicle is registered in the name of both the owner and another person, the owner is liable for the tax. This rule also applies to dual registration of a leased vehicle.
- (2) Any vehicle operated under a dealer's tag, license, or permit is considered registered in the name of the dealer.

4.24.22.4.2.14
(08-10-2021)
Form 2290, Claims

- (1) Credit Reference Number (CRN) 365 should be used for line 5 (credit) adjustments. Submission Processing transcribes line 5 using CRN 365 in initial processing. If a credit adjustment is required for line 5, input using TC 290 and CRN 365. A TC 766 will generate for CRN 365. To reverse the credit, input TC 290 and CRN 365 (with a minus). The reversal will generate a TC 767.
- (2) Taxpayers may use line 5 of the Form 2290 to claim a credit for tax paid in the three following circumstances:
 - Vehicle was sold,
 - Vehicle is destroyed (so damaged by accident or other casualty it is not economical to rebuild it) or stolen before June 1 of the taxable period and is not used during the remainder of the taxable period, or
 - Vehicle was used during the prior period 5,000 miles or less (7,500 for agricultural vehicles).

Note: A vehicle with a blown motor is not considered a destroyed vehicle.

- (3) The amount of the line 5 credit cannot exceed tax liability reported on the return. Any excess credit must be claimed as a refund using Form 8849, Schedule 6.

Note: A module credit balance of \$10.00 or more will generate an L- Freeze Code. The module is frozen from refund or offset. The credit must be addressed to avoid future transcript generation. See IRM 21.5.6.4.23, for L- Freeze and freeze condition release information.

- (4) A credit, reduced tax, exemption, or refund is not allowed for an occasional light or decreased load or a discontinued or changed use of a vehicle.
- (5) Instead of taking a line 5 credit on Form 2290, the taxpayer may make a claim on Form 8849, Schedule 6. See IRM 4.24.22.4.5.6.12, Form 8849, Schedule 6, Claims Relating to Taxes Reported on Form 2290.

4.24.22.4.2.14.1
(08-10-2021)

**Form 2290, Vehicle
Destroyed, Stolen, or
Sold**

- (1) A vehicle is destroyed when it is damaged by accident or other casualty to such an extent that it is not economical to rebuild.

Note: A vehicle with a blown motor is not considered a destroyed vehicle.

- (2) A repossessed vehicle is not a sold vehicle. Any refund claim based on a repossessed vehicle must be disallowed with the appropriate disallowance letter.

Note: This includes a vehicle voluntarily returned to the dealership, seller, and/or financial institution.

- (3) If one vehicle is traded for a new vehicle, IRS treats it as a sale for purposes of the tax imposed by IRC 4481, and the credit for vehicles sold, destroyed, or stolen. The seller, in whose name the vehicle was registered, can claim a prorated credit of the tax paid. The buyer must file a Form 2290 and pay a prorated tax on the vehicle. The 60 day proof of payment rule applies to the buyer for purposes of registering the vehicle with the state. IRM 4.24.22.4.2.3, Form 2290 Required Proof of Payment, provides proof of payment details.
- (4) The taxpayer is required to provide an explanation detailing the facts for each credit. For vehicles destroyed, stolen or sold, the taxpayer must include:

1. The vehicle identification number (VIN),
2. The taxable gross weight category,
3. The date of destruction, theft, or sale,
4. A copy of the credit worksheet provided in the form instructions, and
5. If the vehicle was sold on or after July 1, 2015, the name and address of the purchaser of the vehicle.

Note: The claimant may submit a police report or insurance claim as supporting documentation, but it is not required to process the claim.

- (5) Input adjustment using TC 290 and CRN 365 to adjust credit.

Note: A module credit balance of \$10.00 or more will generate an L- Freeze Code. The module is frozen from refund or offset. The credit must be addressed to avoid future transcript generation. See IRM 21.5.6.4.23 for L- Freeze and freeze condition release information.

4.24.22.4.2.14.2
(08-10-2021)

**Form 2290, Vehicles
Used 5,000 Miles or
Less**

- (1) The person who paid the tax may claim the credit on the first Form 2290 for the next taxable period. Reject any Form 2290 claiming the credit that is filed during the tax period to which the claim relates.
- (2) Claim for refund may be filed on Form 8849, after tax period has ended. See IRM 4.24.22.4.5.6.12 and the Form 8849, Schedule 6 instructions. Reject any Form 8849 claiming a refund that is filed during the tax period to which the refund relates.

4.24.22.4.2.15
(08-10-2021)

**Form 2290, Conversion
to Exempt Use**

- (1) There are no provisions in the law to allow a credit, exemption, or refund for:
 - An occasional light or decreased load, and/or
 - A discontinued or changed use of vehicle.

Note: Common examples of discontinued use are: a vehicle with a blown motor, a reprocessed vehicle, or a vehicle voluntarily returned to the dealership, seller, and/or financial institution.

- (2) Reject claim using appropriate disallowance letter.

4.24.22.4.2.16
(08-10-2021)

**Form 2290, Reduction in
Weight Of Vehicle**

- (1) There is no provision in the law for a credit or refund if weight of vehicle decreases during a taxable period.
- (2) Refund can be given only if change is due to a reporting error.
- (3) If taxpayer is claiming weight that is less than reported, proof is needed. The vehicle registration will show weight at which vehicle is registered.
- (4) Taxpayer must file Form 8849, Schedule 6, to claim a refund based on a reporting error.

4.24.22.4.2.17
(08-10-2021)

**Form 2290, Vehicle
Identification Number
(VIN) Correction**

- (1) If the taxpayer must correct a VIN previously reported on a filed Schedule 1, a corrected tax return must be filed with the IRS. The taxpayer must check the "VIN Correction" box located on page 1 of the Form 2290.
- (2) If the correction on Schedule 1 is a typographical error (transposed or incorrectly entered characters within an otherwise correct VIN), stamp the Schedule 1 and return one copy to the taxpayer. The second copy, including the corrected return, must be associated with the original tax return by adjustment action or an appropriate DLN association form (i.e., Form 10023-B).
- (3) If the new VIN is completely different from the original VIN, the taxpayer must provide an explanation. When an explanation is not available, attempt to contact the taxpayer and process the VIN Correction based upon the taxpayer's response. The VIN could be completely different for the following reasons:
 - The vehicle first reported was sold prior to the beginning of the tax period and the vehicle was erroneously added to the current tax return. The taxpayer may provide a copy of the sales receipt showing the date of sale, or
 - The vehicle first reported was wrecked prior to the beginning of the tax period and was erroneously added to the current tax return. The taxpayer may provide a copy of the insurance claim showing the date of loss.

- (4) If the explanation is sufficient, stamp the Schedule 1 and return one copy to the taxpayer. The second copy, including the corrected return, must be associated with the original tax return by refile adjustment action or an appropriate DLN association form (i.e., Form 10023-B). The explanation must remain with the case file. If the explanation is received by phone (oral statement), document the phone call and include the statement with the case file.
- (5) If the explanation is insufficient or the taxpayer does not respond to IRS contact within the requested time frame, assess additional tax for the new VIN and advise the taxpayer of the assessment with an appropriate C letter.

Note: A credit or refund cannot be given, unless the tax has been paid on both VINs. If tax is paid on both vehicles and the taxable year has ended, the taxpayer may file a claim for refund on Form 8849, Schedule 6, with the appropriate documentation.

4.24.22.4.2.18
(08-10-2021)
**Form 2290, Loose
Schedule 1**

- (1) During the Form 2290 paper (pipeline) process, the Schedule 1 can be erroneously detached from the original tax return or misrouted to a campus function. In some cases, the Schedule 1 is mailed to the IRS without a tax return or returned to the campus as undeliverable. A separated schedule is called a Loose Schedule 1 and is routed to the Excise Operations for resolution.
- (2) The July 2011 revision of Schedule 1 was expanded to a full page to allow the entry of 24 vehicles. Taxpayers are instructed to complete and file two copies of the Schedule 1.
- (3) The Excise Operations will research IDRS with the information available on the Schedule 1 and take the following action:

If	And	Then
Undeliverable	N/A	Research for a correct address.
No address found	N/A	Associate loose Schedule with return.
A different address is found	N/A	Re-mail to taxpayer.
Account is not full paid	There is a discrepancy between what was reported on original return and vehicles listed on Schedule 1	Contact the taxpayer by phone to resolve discrepancy. If necessary, correspond with taxpayer.
A completed Schedule 1 is received	Payment received (TC 610, no TC 150) is equal to the number of vehicles shown on Schedule 1.	Contact the taxpayer by phone and request a completed copy of the tax return by fax. If necessary, send a Letter 418-C to request a completed copy of the tax return.
An E-Filed Schedule 1 is received.	Payment received (TC 610 and TC 150 posted) and is equal to the number of vehicles shown on Schedule 1.	Can be destroyed as Classified Waste. Taxpayer is able to retrieve the watermarked Schedule 1 from their E-File provider.
An E-Filed Schedule 1 is received	Schedule 1 used a payment voucher and received with a payment.	Can be destroyed as Classified Waste.
No reply to Letter 418-C	Payment received (TC 610, no TC 150) is equal to the number of vehicles shown on Schedule 1.	Prepare a return for amount of tax applicable to number of vehicles on Schedule 1 and send to Batching. Notate on the return: 418-C sent on (date) - "no reply."
No reply to Letter 418-C	No payments or partial payments received	Close base and destroy Schedule 1.

4.24.22.4.2.19
(01-13-2023)
**Form 2290, Duplicate
Filing Condition (TRNS
193)**

- (1) The procedures in IRM 21.7.9, BMF Duplicate Filing Condition (TRNS 193), will be used to resolve Excise Tax duplicate filing conditions. IRM 4.24.22.4.1.12, Form 720, Excise Tax Reported on Duplicate, Amended Returns, or Supplemental Returns, provides additional information regarding Excise Tax duplicate filing conditions.

Note: Edit (circle) any incorrect tax period when reprocessing a Form 2290. Enter the correct tax period using the YYYYMM format in the upper right corner of the tax return.

- (2) A Form 2290 duplicate filing condition occurs when a return (TC 976) posts to a module already containing a return (TC 150). IDRS generates a -A freeze which prevents any refund or offset from the module until an adjustment (TC

29X) is made. IDRS also generates a TRNS 193 or TRNS 293 (open TC 420), which is associated with the TC 976 return and forwarded to the Excise Operation for resolution.

- (3) The -A freeze must be resolved before closing the case. Determine and resolve the duplicate filing condition by examining and comparing the return and IDRS information. Use the TRNS 193, duplicate return, CFOL command codes (CCs), and original return (secure only if absolutely necessary) to resolve the case.
- (4) The generation of the TRNS 193 is considered the first request for the missing tax return. If the TRNS 193 is received with the duplicate return:
 - Research IDRS CCs and/or pull returns from Files to determine if the tax reported on the duplicate, amended or supplemental return should be considered as a tax increase or tax decrease. See IRM 21.7.9.4.1, Resolving TRNS 193s and Amended/Corrected/Supplemental Returns, for additional information.
 - If it is determined the duplicate return is a true duplicate (no change), see IRM 21.7.9.4.1.3, True Duplicate.
- (5) If the TRNS 193 is received without the duplicate return attached:
 - a. Research the Business Return Transaction File View (CC BRTVU) to determine if it is a true duplicate and/or for another tax period.
 - b. If Files is unable to secure the return, input another request as **Special Search** and suspend the case for 15 days.
 - c. If a copy of the return cannot be secured from Files after 15 days, attempt to call the taxpayer to request a copy of the return(s). If unable to reach the taxpayer by phone, send Letter 418C to request a copy of the return(s) and suspend the case for 40 days..
- (6) If the return has not been secured, the suspense period has ended, and no payment was received with duplicate return:
 - a. Input TC 290 \$.00 to release the -A freeze.
 - b. Send appropriate C-letter to the taxpayer to inform them of the determination.
- (7) If a payment was received with the duplicate return:
 - a. Assess tax equal to the payment amount.
 - b. If module credit balance is in excess of payment submitted with return, determine reason for additional excess credit.
 - c. Resolve any misapplied payments or other module freeze conditions before making an assessment.
- (8) Follow the guidelines in IRM 21.5.2.4.23.11, Reprocessing Dummy Returns, when it is necessary to recreate or reprocess a return.
- (9) When adjusting accounts:

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- Use caution when inputting Hold Codes. See IRM 21.5.2.4.15, Rules on Hold Codes.
 - Posting Delay Codes are used to make some transactions post later than others when multiple transactions are required to adjust an account. See IRM 21.5.2.4.17, Posting Delay Code (PDC).
- (10) Determine and resolve duplicate filing conditions by examining and comparing information. The tax technician will use the TRNS 193, duplicate return, original return, and CFOL command codes to resolve the case. While reviewing a duplicate Form 2290 case, it is important to compare the VIN data between the TC 150 and TC 976 (secure additional returns only if absolutely necessary).
- (11) If the taxpayer does not provide a reason (no reply), assess additional tax or reprocess the return based on the information available. Issue a letter of explanation to the taxpayer.

Caution: If no reply and the duplicate return reports the same VIN (Vehicle Identification Number) as reported on the original filing, extra research should be done before any payments are returned to the taxpayer. Review the taxpayer's filing history especially if the duplicate is received at the end of the filing period, i.e., does the taxpayer have a history of filing before the tax period begins, are there returns filed for all previous filing periods. If it appears the taxpayer used the wrong duplicate Form 2290 to the current tax period, transfer payments to the current tax period and send the appropriate letter stating actions taken on the taxpayer's account.

Note: A module credit balance of \$10.00 or more will generate an L- Freeze Code. The module is frozen from refund or offset. The credit must be addressed to avoid future transcript generation. See IRM 21.5.6.4.23 for L- Freeze and freeze condition release information.

4.24.22.4.3
(08-10-2021)

**Form 11-C, Occupational
Tax and Registration
Return for Wagering**

- (1) Form 11-C, Occupational Tax and Registration Return For Wagering, is used by persons who accept taxable wagers to register certain information and to pay the occupational tax. The MFT is 63 and the tax class is 4.
- (2) Anyone engaged in the business of receiving taxable wagers is required to file Form 11-C. This may include organizations that are otherwise exempt from tax under IRC 501 or IRC 521.
- (3) Taxable wagers include:
- Those placed on a sports event or contest,
 - Those placed in a wagering pool conducted for profit, with respect to a sports event or contest, and
 - Those placed in a lottery conducted for profit (other than a state-conducted lottery).
- (4) The dual purpose Form 11-C allows the taxpayer to report and pay the occupational tax under IRC 4411 and to register certain information with the IRS before accepting taxable wagers.
- (5) The return is filed and the tax is paid by taxpayers who are principals or agents prior to conducting business.

- a. An agent is anyone who accepts taxable wagers on behalf of the principal. An agent may be liable for excise tax on wagers if they do not report the principal's name and address. (This is found in section 44.4401-2(a)(2)). A principal is a person who is in the business of accepting taxable wagers on his or her own behalf. This person is at risk for the profit or loss depending on the outcome of the event or contest for which the wager was accepted. Principals are liable for the excise tax on wagers, which is reported on Form 730, Monthly Tax Return for Wagers.

(6) The occupational tax is:

- a. \$50 per year if all taxable wagers received are authorized under the laws of the state in which accepted, or
- b. \$500 per year for all other taxable wagers.

4.24.22.4.3.1
(08-10-2021)
**Form 11-C, Filing
Requirements**

- (1) A first return must be filed and the occupational tax must be paid before a taxpayer begins accepting taxable wagers. The tax period begins each July 1 and ends the following June 30.
- (2) If wagers are first accepted in any month other than July, the first return covers the tax period from the start of business until the following June 30 and the tax is prorated for the first year by multiplying the applicable monthly rate by the number of months remaining in the taxable year. The Form 11-C General Instructions provide a prorated tax table.

Example: Taxpayer begins business on February 15, 2010. Tax is due for February 2010 through June 2010 (5 months).

- (3) A first return is also due in certain situations in which there has been a change in ownership or control. The above rules apply. The return must be filed within 30 days of the following changes:
 - a. New members are admitted to a firm or partnership,
 - b. A corporation is formed to continue the business of a partnership, and
 - c. A stockholder continues the business of a dissolved corporation.
- (4) A supplemental registration return must be filed, but no additional tax is due when certain conditions are met. See IRM 4.24.22.4.3.3, Form 11-C, Supplemental Registration Returns.
- (5) A renewal return must be filed by July 1 for each year in which a principal or agent accepts taxable wagers.

4.24.22.4.3.2
(08-10-2021)
**Form 11-C, Return Due
Dates (RDD)**

- (1) A first return must be filed before wagers are accepted. Whether a first return is timely filed and whether penalties may be appropriate is determined by the Centralized Excise Operation at the Cincinnati Campus.
- (2) A renewal return must be filed by July 1, when required.
- (3) A supplemental registration return must be filed according to certain provisions. See IRM 4.24.22.4.3.3, Form 11-C, Supplemental Registration Returns, below.

4.24.22.4.3.3
(08-10-2021)

**Form 11-C,
Supplemental
Registration Returns**

- (1) Although additional tax is not due, a supplemental registration return must be filed by principals:

Within	Of	When
End of thirty-day period	Change in address	The business or home address is changed. Principal must register the change before accepting wagers at the new address or by the end of the thirty-day period after the change of address, whichever occurs first.
30 days	Date of death	Business is continued for the remainder of the taxable period only, by a surviving spouse or child, executor, administrator, or other legal representative of a deceased person who paid the occupational tax.
30 days	Bankruptcy	The principal continues for the remainder of the period for the business as an assignee for creditors.
30 days	Change	Business is continued for the remainder of the taxable period only, by an assignee of creditors.
30 days	Change	One or more members withdraw from a firm or partnership.
30 days	Change	Corporate name is changed.
10 days	Engagement	A new agent is engaged to receive wagers. The supplemental registration return must report the name, address, and EIN of each new agent.

- (2) Although additional tax is not due, a supplemental registration return must be filed by agents:

Within	Of	When
10 days	Engagement	A previously-registered agent is engaged to receive taxable wagers on behalf of a different or additional principal. The supplemental registration return must report the name, address, and EIN of each principal.

Caution: If a supplemental registration return is received from an agent who has not previously registered, a first return is required and tax is due.

4.24.22.4.3.4
(08-10-2021)
**Form 11-C, Tax
Decreases**

- (1) Refer all tax decreases to Cincinnati IRS Campus (CIRSC) Centralized Excise Operation. There is no provision in the law to allow a refund for a portion of a
- (2) If an original return is available, use Blocking Series (BS) 08 to adjust account.
- (3) If only an amended return is available, use BS 15 to adjust account.

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4.24.22.4.3.4.1
(08-10-2021)
**Form 11-C, Incorrect
Employer Identification
Number (EIN)**

- (1) If the EIN is erroneous:
 - a. Input TC 291 to decrease the tax posted to the incorrect EIN,
 - b. Input TC 591 with closing code 20 on the tax period following the last period for which the taxpayer had a liability, if any, and
 - c. Use CC ADD/ADC 24 to transfer credit to correct account.

4.24.22.4.3.4.2
(08-10-2021)
**Form 11-C, Overpayment
of Tax Due to Taxpayer
Error**

- (1) If a person was never required to file a return (an Exam issue):
 - a. Input TC 291 to decrease the incorrect amount, and
 - b. Input TC 591 with closing code 20 on the tax period following the last period for which the taxpayer had a liability, if any.
- (2) See IRM 4.24.22.4.5.6.9, Form 8849, Schedule 6, Claims Relating To Taxes Reported on Form 11-C, for refunds on overpayments of the occupational tax.

4.24.22.4.4
(08-10-2021)
**Form 730, Monthly Tax
Return for Wagers**

- (1) Form 730, Monthly Tax Return For Wagers, is the monthly wagering tax return. The MFT is 64 and the tax class is 4.
- (2) Persons liable for filing Form 730 must also file Form 11-C, Occupational Tax And Registration Return for Wagering, to be registered to accept wagers and to pay the occupational tax.

4.24.22.4.4.1
(08-10-2021)
Form 730, Who Must File

- (1) Taxpayers must file Form 730 and pay the tax on wagers under IRC 4401(a) if they:
 - a. Are in the business of accepting taxable wagers,
 - b. Conduct a wagering pool or lottery for profit, or
 - c. Are required to be registered and they received wagers for or on behalf of another person but did not report that person's name and address.

4.24.22.4.4.2
(08-10-2021)
Form 730, What is Taxed

- (1) The tax applies only to wagers accepted in the U.S. or placed by a person who is in the U.S. with a person who is a U.S. citizen or resident or in a wagering pool or lottery conducted by a person who is a citizen or resident of the United States. Taxable wagers include those placed:
 - a. On a sports event or contest with a person engaged in the business of accepting wagers on such events,
 - b. In a wagering pool on a sports event or contest if the pool is conducted for profit, or
 - c. In a lottery conducted for profit, including the numbers game, policy, punch boards, and similar types of wagering.

4.24.22.4.4.3
(08-10-2021)
Form 730, What is not Taxed

- (1) The tax is not imposed on the following five items:
 - a. Pari-mutuel wagering, including horse racing, dog racing, and jai alai, when licensed under state law,
 - b. Coin-operated devices, such as pinball machines, slot machines, or video games,
 - c. Sweepstakes, wagering pools, or lotteries that are conducted by a state or an agency of a state, if the wager is placed with the state agency or its authorized agents or employees,
 - d. Games of the type in which all persons placing wagers in the game are present when wagers are placed, winners are determined, and prizes or other property are distributed, and
 - e. Drawings conducted by an organization exempt from tax under IRC 501 or IRC 521, as long as the net proceeds of the drawing do not directly or indirectly benefit a private shareholder or individual.

4.24.22.4.4.4
(08-10-2021)
Form 730, Rate of Tax

- (1) IRC 4401(a)(1) imposes a 0.25 percent tax on wagers authorized under the laws of the state in which accepted. The tax is computed on the gross amount of the wagers accepted during the month and reported on Line 4a.

Example: If gross wagers are \$1000, the tax is \$2.50 (\$1000 X .0025).

- (2) All other taxable wagers are subject to a rate of 2 percent of the amount of the wager. The tax is computed on the gross amount of wagers accepted during the month and reported on Line 4b.

Example: If gross wagers are \$1000, the tax is \$20 (\$1000 X .02).

4.24.22.4.4.5
(08-10-2021)
Form 730, Filing Requirements

- (1) Form 730, Monthly Tax Return for Wagers, is a monthly return that must be filed by the last day of the month following the month in which a taxable wager is accepted.
- (2) Once a taxpayer begins filing, Form 730 must be filed each month, even if the taxpayer receives no wagers in a month, until a final return is filed. These returns will report a liability of zero for the month.
- (3) If a taxpayer stops accepting wagers, a final Form 730 must be filed. The "Final Return" box should be checked on the form.
- (4) When a final return is filed, input TC 591 with Closing Code (cc) 20 using FRM 49 to close filing requirements.

4.24.22.4.4.6
(08-10-2021)
Form 730, Claims

- (1) Taxpayers may use line 5 of Form 730 to claim a credit for tax paid in the two following circumstances:
 - a. When there is an overpayment of tax, and
 - b. When there has been tax imposed with respect to a wager the taxpayer laid off with another person who is liable for the wagering tax.
- (2) The amount of the credit cannot exceed the tax liability reported on the Form 730.
- (3) Alternatively, a taxpayer may make claims on Form 8849, Schedule 6, Other Claims. See IRM 4.24.22.4.5.6.8, Form 8849, Schedule 6, Claims Relating To

Taxes Reported On Form 730, for additional information.

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4.24.22.3.2, Excise Tax Research, for additional information.

- (5) The claim must be filed within 3 years from the time the return reporting the tax was filed, or two years from the time the tax was paid, whichever is later.

4.24.22.4.4.6.1
(08-10-2021)

**Form 730, Claims For
Overpayment of Tax**

- (1) Claims for overpayment of wagering tax may be filed on Form 730, Monthly Tax Return for Wagers, or Form 8849, Schedule 6, Other Claims.
- (2) The following information must be submitted with each claim:
- The facts involving the overpayment,
 - An explanation of the reason for claiming a credit,
 - The date of payment and the amount of the tax, and
 - A statement about whether any previous claim covering the amount involved, or any part, has been filed, if applicable.
- (3) The taxpayer must also submit a statement that the taxpayer:
- Has not collected (whether as a separate charge or otherwise) the amount of the tax from the person who placed the wager on which the tax was imposed,
 - Has repaid the amount of the tax to the person that placed the wager, or
 - Has the written consent of the person that placed the wager to the allowance of the credit. The consent must be attached to the claim.

Reminder: If the overpayment relates to a laid-off wager accepted by the taxpayer, one of the above statements must be attached for both the person who placed the laid-off wager and the person who placed the original wager.

- (4) Interest is allowable.
- (5) Input an adjustment transaction on MFT 64 for the taxable period to which the claim relates using TC 291 for a tax decrease.

4.24.22.4.4.6.2
(08-10-2021)

**Form 730, Claims for
Laid-Off Wagers**

- (1) IRC 6419 allows a credit to be claimed for the tax paid or due on a wager that is laid off with another taxpayer who is liable for the wagering tax.
- (2) If the tax has not been paid, a credit may be claimed on Form 730, Monthly Tax Return for Wagers, for the month during which the wager was accepted in the amount of tax due for the laid-off wager.
- (3) The certificate described in Reg. Section 44.6419-2(d) of the Treasury regulations must be attached to the return, along with a statement setting forth:
- The reason for the credit,
 - The month in which the tax was paid,
 - The date of payment, and
 - Whether a previous claim covering amount involved, or any part, has been filed.

- (4) If the tax has been paid, a refund may be claimed for the tax paid on the laid-off wagers. The same information described in (3) above must be attached to the claim.
- (5) No interest is allowable.
- (6) Input an adjustment transaction on MFT 64 for the taxable period to which the claim relates using TC 766.

4.24.22.4.4.7
(08-10-2021)
Form 730, Duplicate Returns

- (1) See IRM 21.7.9, BMF Duplicate Filing Conditions, for instructions on how to process duplicate returns. See IRM 4.24.22.4.1.12, Form 720, Excise Tax Reported on Duplicate, Amended or Supplemental Returns, for additional information.
- (2) If the original (TC 150) and amended return were secured when adjusting the account, use BS 09. If only the amended return was needed, use BS 15.

4.24.22.4.5
(08-10-2021)
Form 8849, Claim for Refund of Excise Taxes

- (1) Form 8849 is used to claim refunds relating to excise taxes. The Form 8849 is not considered correspondence under Policy Statement P-21-3. See IRM 21.3.3.2, What is the Definition of Correspondence? - Policy Statement P-21-3 Exclusion List, for additional information.
- (2) The following schedules are attached to Form 8849, Claim for Refund of Excise Taxes:
 - a. Schedule 1 - Nontaxable Use of Fuels,
 - b. Schedule 2 - Sales by Registered Ultimate Vendors,
 - c. Schedule 3 - Certain Fuel Mixtures and the Alternative Fuel Credit,
 - d. Schedule 5 - Section 4081(e) Claims,
 - e. Schedule 6 - Other Claims, or
 - f. Schedule 8 - Registered Credit Card Issuers

At least one schedule must be attached to Form 8849. Schedules 2, 3, 5, and 8 cannot be filed with any other schedules; therefore, each of these schedules requires a separate Form 8849.

- (3) Since the Form 8849 includes all the information necessary for the IRS to determine if a claim is allowable, any person who attempts to make an informal claim without using this form must be sent the form for completion. Send an appropriate no consideration letter.
- (4) If a completed Form 8849 is subsequently received, the form is considered filed as of the stamp date the original claim was received.
- (5) In order to process, claimant must have a Taxpayer Identification Number (TIN), either an Employer Identification Number (EIN) or Social Security Number (SSN). Some fuel claims (schedules) require an EIN.
- (6) Use CFOL command codes to research entity.
- (7) If no TIN is on record or none was provided by claimant, reject claim with appropriate no consideration letter.
- (8) For Schedules 1-3:
 - a. Claims on Schedule 1 generally are filed for fuels used during any one or more of the quarters of the claimant's income tax year. Claims on

- Schedules 2 and 3 are filed for fuels sold during any period of at least a week. These quarterly, monthly or weekly claims must meet the dollar amount and time for filing requirements described for each schedule;
- b. If the dollar amount and/or the time for filing requirements are not met for quarterly, monthly or weekly claims, an annual claim must be filed for these amounts;
 - c. Annual claims generally are made on Form 4136, Credit for Federal Tax Paid on Fuels, and attached to the income tax return for the year the fuel was used (or sold, as applicable). See IRM 21.7.4.4.9.1, Form 4136, Credit for Federal Tax Paid on Fuels;
 - d. Annual claims by the United States, state and local governments, and organizations exempt from income tax under IRC 501(a) (provided that the organization is not required to file Form 990 -T, Exempt Organization Business Income Tax Return, for that taxable year) are made on *Form 8849, Schedule 1*, Nontaxable Use of Fuels. For these claimants, the annual claim must be filed within 3 years of the close of the claimant's taxable year. The taxable year is based on the calendar year or fiscal year it regularly uses to keep its books. There is no minimum dollar amount on the annual claim;
 - e. Ultimate Vendor claims may be received prior to a return posting (TC 150). If so, adjust claim using appropriate MFT 02, 05, 06, or 34 tax module for income tax return filed by taxpayer. Use tax year relative to tax period on claim (such as 201208 or 201212). If taxpayer is a fiscal year filer, the correct Fiscal Year Month (FYM) must be used. For Ultimate Purchaser claims, use MFT 40; or
 - f. When processing fuel tax claims, the credit adjustment must be input on the tax year indicated on Form 8849. (Check CC ENMOD for fiscal year filer.)

Caution: When the taxpayer has specific filing requirements (Form 1120, U.S. Corporation Income Tax Return; Form 1120-C, U.S. Income Tax Return for Cooperative Associations; Form 990-T, Exempt Organization Business Income Tax Return; Form 1065, U.S. Return of Partnership Income; Form 1041, U.S. Income Tax Return for Estates and Trusts; or Form 1040, U.S. Individual Income Tax Return), and it is within two cycles of return's original due date, input the adjustment on the next tax year. For example, a claim for December 2012 would be input on tax year 2013 once it is two cycles from the March 15, 2013 return due date. This procedure avoids UPC 313 RC (9). **This is not necessary for Ultimate Purchaser claims processed on MFT 40.**

- (9) If claim adjustment is input on MFT 02, follow IRM 21.4.6.4, Refund Offset Research.

Caution: If taxpayer has DMF/TOP debt for the current processing year (PY), refer to Document 6209, Section 5, Debtor Master File, for a list of Agency and Sub Agency (AG/SA) Codes.

4.24.22.4.5.1
(08-10-2021)
**MFT 40, Ultimate
Purchaser Claims**

- (1) MFT 40 is used to process Ultimate Purchaser Claims (End User Claims) and some interest-bearing ultimate vendor claims issued systemically. See IRM 4.24.22.4.5.1.1, MFT 40, Interest Bearing Claims Systemically Processed, for more information.

- (2) Interest bearing ultimate vendor claims (20-day and 45-day time frames) requiring a manual refund must not be processed on MFT 40.

Note: Effective 01/01/2007, the tax class for MFT 40 is 3.

- (3) Ultimate Purchaser Claims must be processed on MFT 40 using the following procedures:
- a. A dummy module must be created for the first claim that is processed using CC ACTON. (See the Command Code Job Aid on SERP, http://serp.enterprise.irs.gov/databases/irm-sup.dr/job_aid.dr/command-code.dr/idrs_command_codes_job_aid.htm). This establishes the MFT 40 module and is not required after the TC 150 posts to the module;
 - b. Input TC 290 using the appropriate CRN for the fuel tax credit. The first TC 290 generates a TC 150 for zero tax liability;
 - c. Let the refund generate systemically; do not issue a manual refund; and
 - d. If it is necessary to input a manual refund, use priority code 6 with your adjustment. This alerts Master File that a TC 840 has been input and a TC 846 will not generate. Never use priority code 6 unless you are issuing a manual refund.
- (4) One refund generates per cycle for the TC 290. If there are multiple transactions (TC 290), one refund generates the total of the credits per cycle.

Example: For cycle 201250, two Ultimate Purchaser claims were processed for \$800.00 each. The module will show one refund (TC 846) for \$1,600.00 during the cycle.

- (5) A CP 210 generates for each cycle, notifying the taxpayer of the refund.
- (6) If a notice needs to be stopped, use appropriate hold code and write a letter of explanation to the taxpayer.

4.24.22.4.5.1.1
(08-10-2021)

**MFT 40, Interest Bearing
Claims Systemically
Processed**

- (1) MFT 40 is also used to process interest-bearing claims that are systemically processed.
- (2) To allow for systemic processing interest-bearing claims must meet the following requirements:
- a. Claim is not filed electronically,
 - b. Claim can be timely processed (refer to the Document 6209 , Section 16, Julian Date, Cycle and Notice Calendars, for the appropriate IDRS input table to ensure the refund is issued with the 45-day interest free period),
 - c. Claimant does not file weekly claims,
 - d. No offsets to previously existing balances are required, and
 - e. Claim meets requirements outlined in IRM 4.24.22.4.5.3, Sales by Registered Ultimate Vendor Claims, IRM 4.24.22.4.5.4, Certain Fuel Mixtures and Alternative Fuel Credits, or IRM 4.24.22.4.5.7, Registered Credit Card Issuers.
- (3) Adjust the account as follows:

Note: Close the control base on the Income Tax MFT (use CL2MFT40 for activity)

- a. Input the claim to the tax period identified by the year and last month of the period of the claim. (example a claim period of 1/1/20 to 3/31/20 processed on MFT 40 for 202003; for a claim period of 1/1/20 to 1/31/20 on MFT 40 for 202001);
- b. If no TC 150, use blocking series 40;
- c. If TC 150 posted, use appropriate blocking series and input TC 770 zero to restrict interest;
- d. Use TC 290 and applicable CRN, with allowable refund amount and no minus sign. A TC 766 will generate on Master File;
- e. Use the ending date of the claim period in the CORR-DT field and the beginning date of the claim period in the AMD-CLMS-DT field on REQ 54;
- f. Use "M" for control status. Use the same Activity and Control Category as original control base;
- g. Use a hold code 3 (holds the notice, not the refund);
- h. Use SD (source document) and appropriate history in remarks;
- i. Complete a Form 6502 as appropriate and attach Form 8849 for source document.

Note: Close monitoring for unpostables on MFT 40 will be needed. Any potential interest-bearing claim that is unpostable will be refunded via manual refund using the claimant's income tax MFT (not on MFT 40). If there is pending previous claims, there is a possibility that two refunds will be issued in one check. Determine if a letter of explanation will be needed.

4.24.22.4.5.2
(01-13-2023)

**Form 8849, Schedule 1,
Nontaxable Use of Fuels**

- (1) Schedule 1 claims may be made only by the ultimate purchaser of the fuel. In the case of export, the exporter is the ultimate purchaser. Ultimate purchasers include purchasers of undyed diesel, undyed kerosene, gasoline, kerosene used for aviation gasoline and alternative fuel. To be considered a valid claim, the following requirements must be met:

- a. Claim must be at least \$750.00,
- b. The \$750.00 amount may be met by making a claim for fuel used during any quarter of a claimant's income tax year or aggregating amounts from any quarters of the claimant's income tax year for which no other claim has been made,
- c. If dollar amount and/or the time for filing requirements are not met, an annual claim or a claim for qualifying aggregate amounts must be filed,
- d. Claim must be filed during the first quarter following the last quarter included in the claim,

Example: If a claim is filed for two quarters, January through March and April through June, the claim must be filed between July 1 and September 30.

- e. Only one claim may be filed for a quarter, and
- f. Annual claims are made on Form 4136, Credit for Federal Tax Paid on Fuels, attached to the income tax return. (See IRM 21.7.4.4.9.1, Form 4136 Credit for Federal Tax Paid on Fuels.)

- (2) The instructions below must be used to process valid Schedule 1 claims.

- a. Check fiscal year, MFT/ filing requirements using CC ENMOD,
- b. Check CC TXMOD and CC ENMOD for pending transactions,
- c. Math verify the claim, and

- d. Using CFOL, check for debit balances for offset. See IRM 21.5.6.4, Freeze Code Procedures, for freeze code definitions.
- (3) Types of fuel, credit reference numbers (CRN's), and tax rate for Form 8849, Schedule 1, Nontaxable Use of Fuels, are:

Fuels (Nontaxable Use)	Credit Reference Number (CRN's)	Credit/ Payment Rate per Gallon
Gasoline	362	\$.183
Exported gasoline	411	\$.184
Aviation gasoline used in commercial aviation (other than foreign trade)	354	\$.15
Aviation gasoline (other nontaxable use)	324	\$.193
Exported Aviation gasoline	412	\$.194
LUST tax on aviation fuel used in foreign trade	433	\$.001
Undyed diesel fuel for nontaxable use and for use on a farm for farming purposes	360	\$.243
Undyed diesel fuel for use in trains	353	\$.243
Undyed diesel fuel for use in certain intercity and local buses	350	\$.17
Nontaxable use of undyed kerosene taxed at \$.244	346	\$.243
Nontaxable use of undyed kerosene (other than kerosene used in aviation)	377	\$.004
Nontaxable use of undyed kerosene (other than kerosene used in aviation)	369	\$.219
Undyed kerosene used on a farm for farming purposes	346	\$.243
Undyed kerosene for use in certain intercity and local buses	347	\$.17
Kerosene taxed at \$.244 used in commercial aviation (other than foreign trade)	417	\$.200
Kerosene taxed at \$.219 used in commercial aviation (other than foreign trade)	355	\$.175

Fuels (Nontaxable Use)	Credit Reference Number (CRN's)	Credit/ Payment Rate per Gallon
Nontaxable use in aviation (other than use by a state or local government) taxed at \$.244	346	\$.243
Nontaxable use in aviation (other than by a state or local government) taxed at \$.219	369	\$.218
LUST tax on aviation fuels used in foreign trade	433	\$.001
Liquefied petroleum gas	419	\$.183
"P Series" fuels	420	\$.183
Compressed natural gas (CNG) (GGE=126.67 cu. ft.)	421	\$.183
Liquefied hydrogen	422	\$.183
Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	423	\$.243
Liquid fuel derived from biomass	424	\$.243
Liquefied natural gas (LNG)	425	\$.243
Liquefied gas derived from biomass	435	\$.183
Nontaxable use of diesel-water-fuel emulsion	309	\$.197
Nontaxable use of exported diesel-water-fuel emulsion	306	\$.198
Exported undyed diesel fuel	413	\$.244
Exported dyed diesel fuel and exported gasoline blendstocks taxed at \$.001	415	\$.001
Exported undyed kerosene	414	\$.244
Exported dyed kerosene	416	\$.001

- (4) Input adjustment with TC 290 on MFT 40 using appropriate CRN. No interest is allowable. See IRM 4.24.22.4.5.1, MFT 40, Ultimate Purchaser Claims, for adjustment procedures. Use the following category codes for Form 8849, Schedule 1, Nontaxable Use of Fuels, claims:
- SC1P for a paper-filed Schedule 1, and
 - SC1E for an electronically-filed Schedule 1.
- (5) If the claim is not allowable, reject the claim using "no consideration" procedures as referenced in IRM 21.5.3.4.6.3. For Claims *under* 10 pages,

- Scan the taxpayers unprocessable claim(s) to the designated common drive folder within the Cincinnati Centralized Specialty Tax Operation.

Note: These files should be maintained electronically for 60 days.

- Input a TC 290-0 upon receipt of the claim(s).
 - Forward the physical claim(s) to Files once the TC 290 has posted.
- (6) If the claim is not allowable, reject the claim using “no consideration” procedures as referenced in IRM 21.5.3.4.6.3. For Claims over 10 Pages,
- Maintain physical claim(s) for 60 days in Cincinnati Centralized Specialty Tax Operation.
 - Input a TC 290-0 once the 60-day period has expired.
 - Forward the physical claim(s) to Files once the TC 290 has posted.

Note: In rare occasions where additional information is required to be provided to the taxpayer, it may warrant mailing the physical claim to the taxpayer with Letter 916C.

- (7) If missing information can be resolved via a telephone call, an attempt may be made to contact the taxpayer before partially disallowing the claim.
- (8) If a claim is determined to be either disallowed or partially disallowed, refer to IRM 21.5.3.4.6.1 for processing procedures.

4.24.22.4.5.3
(08-10-2021)
**Form 8849, Schedule 2,
Sales by Registered
Ultimate Vendors**

- (1) A registered ultimate vendor of undyed diesel fuel, undyed kerosene, kerosene sold for use in aviation, gasoline, or aviation gasoline uses Schedule 2 to make a claim for refund. An ultimate vendor is the person who sold the fuel to the ultimate purchaser.
- (2) When requested by the schedule, the ultimate vendor claimant must enter a valid registration number. The claimant is considered registered if they received a letter of registration from the IRS. The letter of registration provides a registration number, the approved activity (Activity Letter), and the conditions of registration. The Form 637, Application for Registration (For Certain Excise Activities), is used to obtain the appropriate registration. ExTRAS (Excise Tax Registration Authentication System) and IMS (Issue Management System) are used to determine whether the registration number has been revoked or suspended by the IRS. If the registration number provided on the schedule is not on file or is revoked or suspended, reject the claim using no consideration procedures. An ultimate vendor may be registered for one or more of the following activities:
- UV - Ultimate vendor that sells undyed diesel fuel, undyed kerosene, gasoline, or aviation gasoline,
 - UB - Ultimate vendor that sells undyed diesel fuel or undyed kerosene for use in certain intercity and local buses,
 - UP - Ultimate vendor that sells kerosene sold from a blocked pump, and
 - UA - Ultimate vendor that sells kerosene for use in aviation.

See the table below for the requirements to determine a qualified claim:

If Ultimate Vendor For:	Then Allowable Sales Must Be For:	Requirements That Claim Must Meet:
Undyed diesel fuel	<ul style="list-style-type: none"> • Use by a state or local government (Use CRN 360 at tax rate \$.243.) • Use in certain intercity and local buses (Use CRN 350 at tax rate \$.17.) 	<ul style="list-style-type: none"> • Claimant sold the diesel fuel at a tax excluded price, repaid the amount of tax to the buyer, or obtained written consent of the buyer to make the claim. • Claimant has obtained the required certificate from the buyer and has no reason to believe any information in the certificate or statement is false. • Claimant certifies there is no visible evidence of dye in the fuel. • Registered ultimate vendor of diesel fuel is the only person eligible to make this claim and has obtained the required certificate from the buyer. Registration number must be entered on Form 8849. • Must be for diesel fuel sold during a period of at least one week. • Amount of claim must be at least \$200.00. (To meet this minimum, lines 1, 2, and 3 may be combined.) • 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. • Information for each governmental unit to which the diesel fuel was sold and the number of gallons sold to each must be reported if a claim amount is reported on line 2a.

If Ultimate Vendor For:	Then Allowable Sales Must Be For:	Requirements That Claim Must Meet:
Registered ultimate vendor of undyed kerosene (other than kerosene for use in aviation)	<ul style="list-style-type: none"> • Use by a state or local government (Use CRN 346 at tax rate \$.243.) • Sales from a blocked pump (Use CRN 346 at tax rate \$.243.) • Use in certain intercity and local buses (Use CRN 347 at tax rate \$.17.) 	<ul style="list-style-type: none"> • Claimant has obtained the required certificate from the buyer and has no reason to believe any information in the certificate or statement is false. Note: This is not required for sales from a blocked pump/ • Claim must be for kerosene sold for a period that is at least one week. • Amount of claim must be at least \$100.00. (To meet the minimum, amounts from lines 2 and 3 may be combined.) • Claim 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. • Information for each governmental unit to whom the kerosene was sold and the number of gallons sold to each must be reported if a claim amount is reported on line 2a.

If Ultimate Vendor For:	Then Allowable Sales Must Be For:	Requirements That Claim Must Meet:
Registered ultimate vendors of kerosene for use in aviation	<ul style="list-style-type: none"> • Use in commercial aviation (other than foreign trade) taxed at \$.219 (Use CRN 355 at tax rate \$.175.) • Use in commercial aviation (other than foreign trade) taxed at \$.244 (Use CRN 417 at tax rate \$.200.) • Nonexempt use in non-commercial aviation (Use CRN 418 at tax rate \$.025.) • Other nontaxable uses taxed at \$.244 (Use CRN 346 at tax rate \$.243.) • Other nontaxable uses taxed at \$.219 (Use CRN 369 at tax rate \$.218.) • LUST tax on aviation fuels used in foreign trade (Use CRN 433 at tax rate \$.001.) 	<ul style="list-style-type: none"> • Registered ultimate vendor of kerosene used in commercial aviation or nontaxable uses is the only person eligible to make this claim if the buyer waives his or her right by providing the registered ultimate vendor with an unexpired waiver. For nonexempt use in noncommercial aviation fuel, a registered ultimate vendor of aviation is the only person eligible to make the claim if buyer provides vendor with an unexpired certificate. • Claim must be for kerosene used in aviation sold during a period that is at least 1 week. • The amount of the claim must be at least \$100.00. (To meet this minimum, amounts from lines 2 and 3 may be combined.) • The claim 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.

If Ultimate Vendor For:	Then Allowable Sales Must Be For:	Requirements That Claim Must Meet:
Registered ultimate vendors of gasoline	<ul style="list-style-type: none"> • Use by a nonprofit educational organization (Use CRN 362 at tax rate \$.183.) • Use by a state or local government (including essential government use by an Indian tribal government). (Use CRN 362 at tax rate \$.183.) 	<ul style="list-style-type: none"> • Claimant has obtained the required certificate from the buyer and has no reason to believe any information in the certificate or statement is false. • Claim must be for gasoline sold during a period that is at least 1 week. • Amount of claim must be at least \$200.00. (To meet this minimum, amounts from lines 4(a), 4(b), 5(a), and 5(b) may be combined.) • Claim 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. • Information for each nonprofit educational organization or governmental unit to whom the gasoline was sold and the number of gallons sold to each must be reported if a claim amount is reported on line 4(a) or 4(b).

If Ultimate Vendor For:	Then Allowable Sales Must Be For:	Requirements That Claim Must Meet:
Registered ultimate vendor of aviation gasoline	<ul style="list-style-type: none"> • Use by a nonprofit educational organization (Use CRN 324 at tax rate of \$.193.) • Use by a state or local government (including essential government use by an Indian tribal government) (Use CRN 324 at tax rate \$.193.) 	<ul style="list-style-type: none"> • Claimant has obtained the required certificate from the buyer and has no reason to believe any information in the certificate or statement is false. • Claim must be for gasoline sold during a period that is at least 1 week. • Amount of claim must be at least \$200.00. (To meet this minimum, amounts from lines 4(a), 4(b), 5(a), and 5(b) may be combined.) • Claim 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. • Information for each nonprofit educational organization or governmental unit to whom the gasoline was sold and the number of gallons sold to each must be reported if a claim amount is reported on line 5(a) or 5(b).

(3) If an ultimate vendor claim is not filed within the required time frame (during a period of at least one week and by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim), reject the claim using "no consideration" procedures as referenced in IRM 21.5.3.4.6.3.

(4) Ultimate vendor claims that do not provide the required information can be perfected with a telephone call to the claimant. If there is no response within three business days, reduce the claim by the entries that are not complete and send a letter of explanation to the taxpayer.

Example: An ultimate vendor submits a claim for undyed diesel fuel that was sold to a state and includes the required information list (EIN, name, and number of gallons of fuel sold) for each customer to whom he sold the fuel. The claim also includes gasoline sold to a nonprofit organization, but the customer information is missing. Call the ultimate vendor for the missing information and if there is no response within three business days, reduce the amount of refund for the gasoline entry and issue a Letter 106-C using partial disallowance procedures.

- (5) If the claim address does not match the address of record, use the table below:

If	Then
The claim is allowable.	<p>Send the refund to the address of record and:</p> <p>(1) Send a Letter 104-C to the address of record.</p> <p>Note: If a Letter 104-C has been issued within the last 6 months, do not issue another Letter 104-C. Issue refund to address of record.</p> <p>(2) Advise the taxpayer that a refund claim was received with the taxpayer's EIN but the claim address did not match the address of record.</p> <p>(3) If the taxpayer needs to change the address of record, a Form 8822, Change of Address, is required. (The Letter 104-C states how the form can be obtained by the taxpayer.)</p>
The claim is not allowable.	Reject the claim using "no consideration" procedures as referenced in IRM 21.5.3.4.6.3.
The taxpayer disagrees and gives an explanation of why it is not possible to change the address of record and needs to add another address (multiple locations, etc.).	<p>Advise the taxpayer that only one address of record is permitted and the refunds will continue to be sent to the address of record. Update IDRS with the following history item: 104C/REPLY. (Do not need to write additional letters if there are multiple claims.)</p>

Note: Do not accept a fax copy of Form 8822, Change of Address, for an ultimate vendor claim. See IRM 21.3.4.3.7, Use of FAX for Taxpayer Submissions.

- (6) Ultimate vendor claims are interest bearing fuel claims (IRC 6427). To avoid payment of interest, electronically filed (e-file) interest bearing fuel claims must be processed within 20 days of the later of the claim receive date or claim processable date. Paper filed claims must be processed within 45 days of the later of the claim received date or claim processable date to avoid the payment of interest. If an allowable claim is not processed within these time frames, interest must be paid from the later of the claim received date or claim processable date to the refund scheduled date (less the appropriate back-off period for computer-generated refunds).

Note: For excise taxes applicable to corporate returns, the lower corporate and GATT rates apply. See IRM 20.2.4.9, Special Credit Interest Rules for Corporations, for more information. Once the \$10,000 GATT threshold has been met for the tax module, credit interest is computed at the GATT rate, including all subsequent claims. See IRM 20.2.4.9.1, GATT Credit Interest Computations on Overpayments. The correct taxable period for determining whether the \$10,000 threshold has been met, is the taxable period from which the refund or credit is being made.

(7) The instructions below must be used to process valid interest bearing (20-day or 45-day) fuel claims.

a. Check fiscal year, MFT/ filing requirements using CC ENMOD,

Note: Fuel claims can be filed on several MFTs (02, 05, 06, 34). To avoid duplicate filings, all of the MFTs that meet the taxpayer's filing requirements must be reviewed before allowing the claim. Sole proprietors without income tax filing requirements use MFT 02. If duplicate claims are found on multiple MFTs, send the claim with supporting documentation to CAT-A for review.

b. Check CC TXMOD and CC ENMOD for pending transactions,

c. Math verify the claim, and

d. Using CFOL, check for debit balances for offset. See IRM 21.5.6.4, Freeze Code Procedures, for freeze code definitions.

(8) Adjust account as follows:

Note: If an interest-bearing ultimate vendor claim can be processed timely to be systemically refunded, refer to IRM 4.24.22.4.5.1.1.

a. If no TC 150 is posted to the tax module, use blocking series 40,

b. If TC 150 is posted to the tax module, use appropriate blocking series and input TC 770 for zero to restrict interest,

Reminder: Only use TC 770 for zero if the taxpayer is not entitled to any interest.

c. Use TC 290 and applicable CRN, with allowable refund amount and no minus sign. A TC 766 will generate on Master File,

d. Use the following category codes for Schedule 2, Sales by Registered Ultimate Vendors, claims: SC2P, for a paper-filed claim and SC2E, for an electronically-filed claim,

e. Use a Hold Code 4 on the adjustment when issuing a manual refund, and

f. Interest bearing fuel claims may require a manual refund. See IRM 21.4.4, Manual Refunds, for manual refund procedures. The Accounting function within Submission Processing approves manual refund documentation. In order to meet the Accounting function deadlines, manual refund documentation for e-filed fuel claims must be input no later than the 15th day of receipt and the 42nd day for paper fuel claims. See IRM 20.2.10.4.3, Interest Rules for Ultimate Vendor and Fuel Tax Claims, for additional information.

Note: Due to the volume of ultimate vendor claims, the Excise Operation cannot use the Integrated Automation Technology (IAT) Manual Refund Tool described in IRM 21.4.4.6.1, Monitoring Manual

Refunds. IRM 4.24.22.3.5, Monitoring Centralized Excise Manual Refunds, provides manual refund monitoring guidance.

- (9) If the claim is not allowable, reject the claim using “no consideration” procedures as referenced in IRM 21.5.3.4.6.3. For Claims *under* 10 pages,
 - Scan the taxpayers unprocessable claim(s) to the designated common drive folder within the Cincinnati Centralized Specialty Tax Operation .
 - Note:** These files should be maintained electronically for 60 days.
 - Input a TC 290-0 upon receipt of the claim(s).
 - Forward the physical claim(s) to Files once the TC 290 has posted.
- (10) If the claim is not allowable, reject the claim using “no consideration” procedures as referenced in IRM 21.5.3.4.6.3. For Claims *over* 10 Pages,
 - Maintain physical claim(s) for 60 days in Cincinnati Centralized Specialty Tax Operation.
 - Input a TC 290-0 once the 60-day period has expired.
 - Forward the physical claim(s) to Files once the TC 290 has posted.

Note: In rare occasions where additional information is required to be provided to the taxpayer, it may warrant mailing the physical claim to the taxpayer with Letter 916C.
- (11) If missing information can be resolved via a telephone call, an attempt may be made to contact the taxpayer before partially disallowing the claim.
- (12) If a claim is determined to be either disallowed or partially disallowed, refer to IRM 21.5.3.4.6.1 for processing procedures.

4.24.22.4.5.4
(01-13-2023)

**Form 8849, Schedule 3,
Certain Fuel Mixtures
and the Alternative Fuel
Credit**

- (1) The Form 8849, Schedule 3, is used to submit refund claims for the following:
 - biodiesel mixture credits,
 - renewable diesel mixture credits,
 - alternative fuel credits, and
 - sustainable aviation fuel. Effective for mixtures sold or used after December 31, 2022.
- (2) Claims for Biodiesel Mixture Credits, Renewable Diesel Mixture Credits, and Alternative Fuel Credits allowable under IRC 6426 and IRC 6427 expired for fuels sold or used after December 31, 2017. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Pub. L. 116-94) retroactively reinstated the credits for calendar years 2018 and 2019. The Biodiesel and Renewable Mixture Credits were extended for sales and uses through December 31, 2022.
- (3) Public Law 117-169, commonly known as the Inflation Reduction Act, extended the biodiesel and renewable diesel mixture credits through December 31, 2024.
- (4) The IRC 6426 alternative fuel mixture and IRC 6426 alternative fuel credits (and IRS 6427 payments) expired on December 31, 2017. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Pub. L. 116-94), enacted on December 20, 2019, retroactively extended the alternative fuel and alternative fuel mixture credits for sales and uses beginning January 1, 2018 through

December 31, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Pub. L. 116-260), enacted December 27, 2020, extended the credits to December 31, 2021.

Note: Notice 2020-08 provides requirements claimants must follow to make a one-time claim for payment of alternative fuels sold or used during calendar years 2018 and 2019. Claims for 2018 and 2019 must be filed on a single Form 8849, Schedule 3, and must be filed on or before August 11, 2020.

- (5) The IRC 6426 alternative fuel mixture and IRC 6426 alternative fuel credits (and IRS 6427 payments) expired on December 31, 2021. Public Law 117-169, commonly known as the Inflation Reduction Act, retroactively reinstated and extended the alternative fuel and alternative fuel mixture credits through December 31, 2024.

Note: Notice 2022-39 provides requirements claimants must follow to make a one-time claim for the alternative fuel credit for the first, second, and third quarters of 2022. Claims for the first, second, and third quarters of 2022 must be filed on a single Form 8849, Schedule 3, and must be filed on or before April 11, 2023.

Note: Notice 2022-39 provides requirements claimants must follow to claim the alternative fuel mixture credit for the first and second quarters of 2022. For the first and second quarters of 2022, all alternative fuel mixture credit claims must be made on Form 720-X.

- (6) Before claiming a refund on Form 8849, Schedule 3, any biodiesel or renewable diesel mixture credit or sustainable aviation fuel credit must first be taken on Form 720, Quarterly Federal Excise Tax Return, Schedule C, as a credit against the taxable fuel liability for gasoline, diesel fuel, or kerosene (IRS Nos. 60, 104, 35, 69, 77, 62, and 14) reported on Form 720. The alternative fuel credit must be taken on Form 720 as a credit against the claimant's IRC 4041 liabilities reported on Form 720 (IRS Nos. 112, 118, 120, 121, 122, 123, 124, and 79). The credit taken against the claimant's tax liability must be determined without regard to the LUST tax liability. Any excess credit may be taken on Schedule C (Form 720), Form 8849 (Schedule 3), or Form 4136.
- (7) The alcohol fuel mixture credit, (line 1) expired for claim periods after 12/31/2011. The Schedule 3, line 1, has been marked reserved.
- (8) The biodiesel mixture credit is allowed for each gallon of biodiesel used to produce a biodiesel mixture that is at least 0.1 percent (by volume) diesel fuel. 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 biodiesel used to produce the mixture must:
- Meet ASTM D6751, and
 - Meet EPA's registration requirements for fuels and fuel additives under section 211 of the Clean Air Act.

Note: Claimant must attach the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller.

- (9) The renewable diesel mixture credit is allowed for each gallon of renewable diesel in the mixture if the claimant produced a mixture by mixing renewable

diesel with liquid fuel (other than renewable diesel). The renewable diesel used to produce the renewable diesel mixture must:

- a. Be derived from biomass;
- b. Meet EPA's registration requirements for fuels and fuel additives;
- c. Meet ASTM D975, D396, or other equivalent standard approved by the IRS; and
- d. Be sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

Note: Claimant must attach the Certificate for Biodiesel and, if applicable, the Statement of Biodiesel Reseller, both of which must be edited to indicate that the fuel to which the certificate and statement relate is renewable diesel and that the renewable diesel meets the requirements listed above.

Note: Renewable diesel is considered a taxable fuel. If the claimant did not report IRS No. 60 on Form 720, it does not mean that the tax has not been paid and further IRS Number (abstract) research may be needed to determine whether the excise tax was paid.

See the chart below for the rates and requirements for Biodiesel and Renewable Diesel Mixture Credit.

Biodiesel or Renewable Diesel Mixture Credit	The Rate Is:	Requirements Are:
Biodiesel Mixture Credit (other than agri-biodiesel mixtures)	\$1.00 per gallon of biodiesel (CRN 388, effective 01/01/2009)	<ul style="list-style-type: none"> Claim must be for a biodiesel fuel mixture sold or used during a period that is at least one week. Claim amount must be at least \$200 unless filed electronically. Combine lines 2 and 3 of Schedule 3 to meet the minimum requirement. The claim 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.

Biodiesel or Renewable Diesel Mixture Credit	The Rate Is:	Requirements Are:
Agri-biodiesel mixtures (derived solely from virgin oils, including virgin vegetable oils from corn, soybeans, sunflower seeds, cottonseeds, canola, safflowers, flaxseeds, rice bran, mustard seeds, and from animal fats)	\$1.00 per gallon of biodiesel (CRN 390)	<ul style="list-style-type: none"> • Claim must be for a biodiesel fuel mixture sold or used during a period that is at least one week. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet the minimum requirement. • The claim 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.
Renewable diesel mixture	\$1.00 per gallon of renewable diesel mixture (CRN 307)	<ul style="list-style-type: none"> • Claim must be for a biodiesel fuel mixture sold or used during a period that is at least one week. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet the minimum requirement. • The claim 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.

(10) The new sustainable aviation fuel credit is allowed for mixtures sold or used after December 31, 2022. The person that produced and sold or used a qualified mixture (a mixture of sustainable aviation fuel and kerosene) is the only person eligible to make this claim. The credit is based on the gallons of sustainable aviation fuel in the qualified mixture.

- The sustainable aviation fuel credit is \$1.25 plus a supplementary amount equal to \$.01 for each percentage point by which the lifecycle greenhouse gas emissions reduction percentage with respect to such fuel exceeds 50 percent. The supplementary amount shall not exceed \$0.50.
- Sustainable aviation fuel means liquid fuel, the portion which is not kerosene, which meets the requirements of ASTM International Standard D7566, or the Fischer Tropsch provisions of ASTM International Standard D1655, Annex A1.

- (11) The alternative fuel credit is allowed for each gallon or gallon equivalent of alternative fuel. The registered alternative fueler is the only person eligible to make the claim and must have:
- Sold an alternative fuel at retail and delivered it into the fuel supply tank of a motor vehicle or motorboat; or
 - Delivered the alternative fuel in bulk for taxable use in a motor vehicle or motorboat and received the required statement of taxable use from the buyer; or
 - Used an alternative fuel (not sold at retail or in bulk) in a motor vehicle or motorboat; or
 - Sold the alternative fuel for use as a fuel in aviation.

See the chart below for the alternative fuel credit rates and requirements:

Alternative Fuel	Credit per Gallons or Gasoline Gallon Equivalents	Requirements Are:
Liquefied petroleum gas (LPG)	\$.50 (CRN 426 GGE = 5.75 lbs. or 1.353 gallons of LPG).	<ul style="list-style-type: none"> Claim must be for an alternative fuel sold or used during a period of at least one week. Claimant must be registered with the IRS. Claim amount must be at least \$200 unless filed electronically. Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). Claim 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.
"P Series "fuels	\$.50 (CRN 427)	<ul style="list-style-type: none"> Claim must be for an alternative fuel sold or used during a period of at least one week. Claimant must be registered with the IRS. Claim amount must be at least \$200 unless filed electronically. Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). Claim 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.

Alternative Fuel	Credit per Gallons or Gasoline Gallon Equivalents	Requirements Are:
Compressed natural gas (CNG)	\$.50 (CRN 428 GGE = 121 cu. ft.) Note: for tax purposes, CNG has a GGE of 5.66 pounds or 123.57 cubic feet of CNG.	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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.
Liquefied hydrogen	\$.50 (CRN 429)	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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. • Terminates for sales or uses after December 31, 2022.
Fischer-Tropsch process liquid fuel derived from coal (including peat)	\$.50 (CRN 430)	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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.

Alternative Fuel	Credit per Gallons or Gasoline Gallon Equivalents	Requirements Are:
Liquid fuel derived from biomass	\$.50 (CRN 431)	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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.
Liquefied natural gas (LNG)	\$.50 (CRN 432 DGE = 6.06 lbs. or 1.71 gallons of LNG)	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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.
Liquefied gas derived from biomass	\$.50 (CRN 436)	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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.

Alternative Fuel	Credit per Gallons or Gasoline Gallon Equivalents	Requirements Are:
Compressed gas derived from biomass	\$.50 (CRN 437 GGE = 121 cu.ft.)	<ul style="list-style-type: none"> • Claim must be for an alternative fuel sold or used during a period of at least one week. • Claimant must be registered with the IRS. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet minimum requirement (electronically, any amount). • Claim 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.
Sustainable aviation fuel credit	\$1.25-\$1.75 per gallon of sustainable aviation fuel (CRN 440)	<ul style="list-style-type: none"> • Claim must be for sustainable aviation fuel sold or used during a period that is at least one week. • Claim amount must be at least \$200 unless filed electronically. • Combine lines 2 and 3 of Schedule 3 to meet the minimum requirement. • The claim 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.

- (12) The alternative fuel mixture credit can only be taken on Schedule C to reduce the taxable fuel liability for gasoline, diesel fuel, and kerosene reported on Form 720. Claims that exceed the claimant's taxable fuel liability are no longer allowed.

Note: Alternative fuel mixtures produced after 12/31/2011 can only be claimed on Form 720, Schedule C, and limited to Part I fuel tax liabilities IRS Nos. 60, 104, 35, 69, 77, 62, and 14. The credit taken against the claimant's tax liability must be determined without regard to the LUST tax liability.

- (13) The biodiesel mixture credit and alternative fuel credit may not be claimed for biodiesel or 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.
- (14) IRM 4.24.22.4.5.4.2, Form 8849, Schedule 3, Processing Claims for Certain Fuel Mixtures and the Alternative Fuel Credit, provides adjustment procedures.

4.24.22.4.5.4.1
(08-10-2021)
**Form 8849, Schedule 3,
Certain Fuel Mixtures
and the Alternative Fuel
Credit, Time Frames for
Interest Bearing Claims**

- (1) The claims are interest bearing and must be processed within 20 days (electronically-filed) or 45 days (paper-filed) of receipt.
 - (2) A manual refund may be required for interest bearing fuel claims.
- Note:** If the interest-free time frame has been missed, then the system can compute credit interest. If the electronic filed claim has passed the 20-day interest-free period, but it is less than 45 days, interest can be manually computed and input with a TC 770.

See IRM 4.24.22.4.5.3 paragraphs (3) through (10) for interest bearing ultimate vendor claim procedures and manual refund requirements.

4.24.22.4.5.4.2
(08-10-2021)
**Form 8849, Schedule 3,
Processing Claims for
Certain Fuel Mixtures
and the Alternative Fuel
Credit**

- (1) Use the following instructions to process valid alternative fuel , biodiesel or renewable diesel mixture, and sustainable aviation fuel claims:
 - a. Claims must be reviewed by a classifier. The claim must have a classification stamp prior to processing,
 - b. If the claim is accepted as filed, use the same procedures for the MFT, filing requirements and research for the adjustment as used on Form 8849, Schedule 2. See IRM 4.24.22.4.5.3(7) and (8) for instructions, and
 - c. Use the following category codes for Form 8849, Schedule 3, Certain Fuel Mixtures and the Alternative Fuel Credit, claims: SC3P for a paper-filed claim and SC3E for an electronically-filed claim.
- (2) If the claim is not allowable, reject the claim using “no consideration” procedures as referenced in IRM 21.5.3.4.6.3. For Claims *under* 10 pages,
 - Scan the taxpayers unprocessable claim(s) to the designated common drive folder within the Cincinnati Centralized Specialty Tax Operation,

Note: These files should be maintained electronically for 60 days.

 - Input a TC 290-0 upon receipt of the claim(s), and
 - Forward the physical claim(s) to Files once the TC 290 has posted.
- (3) If the claim is not allowable, reject the claim using “no consideration” procedures as referenced in IRM 21.5.3.4.6.3. For Claims *over* 10 Pages,
 - Maintain physical claim(s) for 60 days in Cincinnati Centralized Specialty Tax Operation,
 - Input a TC 290-0 once the 60-day period has expired, and
 - Forward the physical claim(s) to Files once the TC 290 has posted.

Note: In rare occasions where additional information is required to be provided to the taxpayer, it may warrant mailing the physical claim to the taxpayer with Letter 916C.
- (4) If missing information can be resolved via a telephone call, an attempt may be made to contact the taxpayer before partially disallowing the claim.
- (5) If a claim is determined to be either disallowed or partially disallowed, refer to IRM 21.5.3.4.6.1 for processing procedures.

4.24.22.4.5.5
(08-10-2021)

**Form 8849, Schedule 5,
IRC Section 4081(e)
Claims**

- (1) A person who has paid and reported a section 4081 fuel tax to the government uses Form 8849, Schedule 5 to claim a refund of that tax if another taxpayer has also paid and reported the same fuel tax to the government. The tax liability has been paid and reported twice for the same fuel.
- (2) These claims may only be made on Form 8849, Schedule 5, IRC 4081(e) Claims. They are not allowable on Form 720, Quarterly Federal Excise Tax Return, or Form 4136, Credit for Federal Tax Paid on Fuels. See Reg. Section 48.4081-7 of the Manufacturers and Retailers Excise Tax Regulations.

Note: Section 4081 claims may be filed electronically.

- (3) The person who reported on Form 720 and paid the second tax to the government is the only person eligible to make this claim. Types of fuel that are allowable on the claim are:

Type of Fuel	CRN
Gasoline	362
Aviation gasoline	324
Diesel fuel	360
Kerosene	346
Diesel-water fuel emulsion	309
Dyed diesel fuel, dyed kerosene, and other exempt removals	303
Kerosene for use in aviation	369
Kerosene for use in commercial aviation (other than foreign trade)	355

- (4) Information that must be attached to the claim:
 - a. A copy of the First Taxpayer's Report,
 - b. A copy of the "Statement of the Subsequent Seller" (if the fuel was bought from someone other than the first taxpayer) that the claimant received with respect to the fuel covered on the claim, and

Note: The First Taxpayer's Report and Statement of Subsequent Seller must contain all the information as shown in Model Certificates A and B in the Appendix of Pub. 510.

- (5) There is no minimum amount for this claim.
- (6) The claim must be filed within 3 years from the time the return for the second tax was filed or 2 years from the time the second tax was paid to the government, whichever is later.
- (7) No interest is allowable.
- (8) Research master file to verify a return was filed and tax paid.
- (9) Send all Form 8849, Schedule 5, 4081(e) claims to CAT-A.

4.24.22.4.5.5.1
(08-10-2021)

**Form 8849, Schedule 5,
IRC Section 4081(e)
Claims Selected by
Examination**

- (1) If the case is selected by Exam, the taxpayer is contacted by the Area Office within 30 days after receiving the file.
- (2) Claims approved by the Area Office Excise Tax Group are annotated "Accepted" and returned to the Service Center Exam Classification IRC section on Form 3210, Document Transmittal, with a Memo to File for processing. The case is forwarded to Excise Operations for processing.
- (3) These claims require expedite processing and must be worked immediately upon receipt.
- (4) If claim accepted by Examination, adjust account using TC 290.00 with appropriate CRN (without a minus). Use hold code 3 and the following category codes:
 - SC5P for paper-filed claims, or
 - SC5R for electronically-filed claims
- (5) Interest is not allowed; restrict module with TC 770.00.
- (6) If claim is full disallowance (such as an expired period):
 - a. Input TC 290,
 - b. Use Blocking series 98, and
 - c. Issue Letter 105-C (full disallowance letter).
- (7) If claim is a partial disallowance (e.g., a portion of the claim period is late):
 - Input TC 290,
 - Use Blocking Series 15,
 - Use Block Series 00 if the original return is attached to the adjustment document,
 - Use appropriate CRN for portion of claim that is allowed, and
 - Issue Letter 106-C (partial disallowance letter).

4.24.22.4.5.6
(01-13-2023)

**Form 8849, Schedule 6,
Other Claims**

- (1) Schedule 6 is used to report claims other than those reported on Schedules 1-5, including claims for overpayments of taxes reported on Form 720, Quarterly Federal Excise Tax Return, Form 2290, Heavy Highway Vehicle Use Tax Return, Form 730, Monthly Tax Return for Wagers, and Form 11-C, Occupational Tax and Registration Return for Wagering. The following information must be attached to each Schedule 6 claim:
 - a. A detailed description of the claim,
 - b. Any supporting information required by regulation, and
 - c. How the claim amount was figured
- (2) Electronic filing is available for Form 8849, Schedule 6, Other Claims. These claims are not "ultimate vendor" claims and do not have to be processed for refund in twenty days. (Normal processing time of 45 days from received date must be used).
- (3) See IRM 4.24.22.4.5.5.1 (6) and (7) for full disallowance and partial disallowance procedures for all Form 8849, Schedule 6, claims.
- (4) Use the following category codes for all Schedule 6 claims:
 - SC6P for paper-filed claims, and

- SC6E for electronically-filed claims

- (5) Schedule 6 is not used to make adjustments to prior quarter liabilities reported on Form 720. The taxpayer is required to use Form 720-X, Amended Quarterly Federal Excise Tax Return. For example: adjustments required to an IRS No. (abstract).

Exception: The Form 720 Instructions or media notification advises the taxpayer to use a Form 8849, Schedule 6, to file a specific type of claim.

4.24.22.4.5.6.1
(08-10-2021)

**Form 8849, Schedule 6,
Claims Relating to Tax
on Form 720**

- (1) Claims for tax reported on Form 720, Quarterly Federal Excise Tax Return, can be made for the following:

Tax	CRN
Ozone-depleting chemicals	398
Chemicals (other than ODCs)	454
Imported Chemical Substances	317
Truck, trailer and semitrailer chassis and bodies and tractors	383
Passenger vehicles (luxury tax)	392
Taxable tires other than bias ply or super single tires	396
Taxable tires, bias ply or super single tires	304
Taxable tires, super single tires designed for steering	305
Gas guzzler automobiles	340
Vaccines	397
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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

4.24.22.4.5.6.2
(08-10-2021)

**Form 8849, Schedule 6,
Ozone-depleting
Chemicals (ODCs)**

- (1) Generally, there is no tax on ODCs sold for export if certain requirements are met. The manufacturer may file the claim if tax was paid. See IRC 4662(e).
- (2) Under IRC 4682(d)(3), a claim may be allowed for taxed ODCs that are exported, if the IRC 4662(e)(2) conditions for allowance are met.
- (3) Under IRC 4682(g)(2), a claim may be allowed for taxed ODCs used as a propellant in a metered-dose inhaler.

- (4) Under IRC 4682(d)(2)(A), a claim may be allowed for taxed ODCs used as a feedstock.
- (5) The claim is made by the person who used the ODC as described.
- (6) No interest is allowable.
- (7) Input the adjustment using CRN 398.

4.24.22.4.5.6.3
(01-13-2023)

**Form 8849, Schedule 6,
Chemicals (other than
ODCs) and Imported
Chemical Substances**

- (1) For taxable chemicals, IRC 4662(d) and (e) allow a refund or credit of the IRC 4661 tax for taxable chemicals when:
 - Tax imposed on a taxable chemical that is subsequently used in the manufacture or production of another taxable chemical,
 - Used as a fertilizer,
 - Used as a qualified fuel, or
 - Exported.
- (2) For imported chemical substances, IRC 4672(d)(2) allows a refund or credit of the IRC 4671 tax when the taxable substance is:
 - Used as a fertilizer,
 - Used as a qualified fuel, or
 - Used in the production of animal feed.
- (3) No interest is allowable.

4.24.22.4.5.6.4
(08-10-2021)

**Form 8849, Schedule 6,
Tires, Gas Guzzler
Automobiles, Vaccines,
Sport Fishing
Equipment, Bows, and
Arrow Components**

- (1) The manufacturer may be eligible to obtain a credit or refund of the manufacturer's excise tax for certain uses, sales, exports, and price readjustments. The claim must set forth in detail the facts upon which the claim is based. A credit or refund (without interest unless otherwise noted) of the tax may be allowable if a tax-paid article is, by any person:
 - Exported,
 - Used or sold for use as supplies for vessels (except vaccines),
 - Sold to a state or local government for its exclusive use (except gas guzzler automobiles and vaccines),
 - Sold to a nonprofit educational organization for its exclusive use (except gas guzzler automobiles and vaccines),
 - Sold to a qualified blood collector organization for its exclusive use (except for gas guzzler automobiles, recreational equipment, and vaccines),
 - Readjusted the price (tax based on price), no IRC 6416(a) requirements , and
 - Sold (for tires only) for use by the purchaser in connection with an intercity, local, or school bus, or sold by any person on or in connection with any other article that is sold or used in an activity listed above or with a bus chassis or body

Note: Tires used exclusively on mobile machinery are exempt from the tire tax.

- 4.24.22.4.5.6.5
(08-10-2021)
**Form 8849, Schedule 6,
Gas Guzzler
Automobiles**
- (1) Under Reg. Section 48.4064-1 (e) (2), a claim may be allowed for gas guzzler vehicle used or resold for law enforcement, ambulance, or firefighting purposes, if the IRC 6416(a) conditions to allowance are met.
 - (2) Input adjustment using TC 290 with CRN 340 for dollar amount. Interest is allowable.
- 4.24.22.4.5.6.6
(08-10-2021)
**Form 8849, Schedule 6,
Vaccine**
- (1) Under IRC section 4132 (b), a claim for a credit or refund may be allowed for a vaccine returned (other than for resale) to the person who paid the tax, or a vaccine that is destroyed. The IRC 6416(a) conditions to allowance must be met.
 - (2) These claims must be filed within 6 months after the vaccine is returned or destroyed.
 - (3) No interest is allowable.
 - (4) To claim a credit or refund, the person who paid the tax must have repaid or agreed to repay the tax to the ultimate purchaser of the vaccine or obtained the consent of such purchaser to allowance of the credit or refund. See IRM 4.24.22.4.1.4.8.3, Excise Tax on Vaccines, for a list of taxable vaccines.
 - (5) Input adjustment using TC 290.00, CRN 397 and TC 770.00.
- 4.24.22.4.5.6.7
(08-10-2021)
**Form 8849, Schedule 6,
Coal Claims**
- (1) All coal claims are CAT-A Examination criteria and must be referred per IRM 4.24.22.3.2, Excise Tax Research.
- 4.24.22.4.5.6.8
(08-10-2021)
**Form 8849, Schedule 6,
Claims Relating to Taxes
Reported on Form 730**
- (1) Input an adjustment transaction on MFT 64 for the taxable period to which the claim relates. IRC 6419 allows a refund to be claimed for the tax paid on a wager that is laid off with another taxpayer who is liable for the wagering tax. No interest is allowable.
 - (2) Input adjustment using TC 766 for credit amount with CRN 368.
 - (3) Each claim must have the certificate described in Reg. Section 44.6419-2(d) and a statement that sets forth:
 - a. The reason for the refund,
 - b. The month in which the tax was paid,
 - c. The date of payment, and
 - d. Whether any previous claim covering the amount involved, or any part, has been filed.
 - (4) A claim may be filed for an overpayment of tax under IRC 6401 to report changes because of a mistake in the tax liability previously reported on Form 730, Monthly Tax Return for Wagers. Interest is allowable. Input adjustment using TC 291 for tax decrease. The following information must be submitted with the claims:
 - a. The facts involving the overpayment,
 - b. An explanation of the reason for claiming a refund,
 - c. The date of payment and the amount of the tax,
 - d. A statement whether any previous claim covering the amount involved, or any part, has been filed, if applicable, and

- e. A statement that the taxpayer has not collected (whether as a separate charge or otherwise) the amount of the tax from the person who placed the wager on which the tax was imposed, has repaid the amount of the tax to the person who placed the wager, or has the written consent of the person who placed the wager to the making of the refund. The consent must be attached to the claim.

- (5) If the overpayment relates to a laid-off wager accepted by the taxpayer, one of the above three statements in (4)(e) must be attached for both the person who placed the laid-off wager and the person who placed the original wager.

4.24.22.4.5.6.9
(08-10-2021)

**Form 8849, Schedule 6,
Claims Relating to Taxes
Reported on Form 11-C**

- (1) Input an adjustment transaction on MFT 63 for the taxable period to which the claim relates, using TC 291 for a tax decrease with CRN 367.
- (2) A claim may be filed for an overpayment of tax.
- This is a claim for an overpayment of tax under IRC 6401 to report changes because of a mistake in the tax liability previously reported on Form 11-C, Occupational Tax and Registration Return for Wagering.
 - Interest is allowable.
- (3) There is no provision in the law to allow a refund for a portion of a year during which the person receives no taxable wagers.

4.24.22.4.5.6.10
(08-10-2021)

**Form 8849, Schedule 6,
Later Events That Give
Rise to an Overpayment
by Someone Other Than
the Form 720 Taxpayer**

- (1) Input an adjustment transaction on MFT 03 for the quarter in which the claim is filed, using appropriate CRN.
- (2) Taxpayer may file a Form 8849 claim. If claim is allowable, process claim using the following procedures:

If	Then
There is no Form 720 posted to the quarter in which claim is filed.	<ol style="list-style-type: none"> 1. Use entity information from claim to prepare a Form 720 tax return. 2. Enter RCC "3" in red, unless interest is allowable. 3. If taxpayer is not a Form 720 filer, code return as "final." 4. Use received date of claim as received date of return. 5. Enter claim amount as a negative amount on correct credit reference number line. 6. Enter zero total tax on line 3 and claim amount on lines 4 and 10. 7. Attach claim to return and send for processing. 8. Retain a copy of return and claim. 9. Monitor case to ensure return is processed correctly. If not, take appropriate action to correct.
There is a Form 720 posted to the quarter in which claim is filed.	<ol style="list-style-type: none"> 1. Input a TC 29X and TC 770.00, unless interest is allowable. (See subsections below for each type of claim.) 2. Input appropriate CRN for amount of claim or excess credit allowance. 3. Reduce IRS No. by amount of claim (excess credit allowance).

4.24.22.4.5.6.11
(08-10-2021)

**Form 8849, Schedule 6,
Tire Tax**

- (1) If the taxpayer does not report the tire credits on Form 720 Schedule C, the taxpayer can use Form 8849, Schedule 6, Other Claims, to claim the credits.
- (2) The tire tax programming for compliance research is only available for an adjustment on the Form 720 tax module, MFT 03. See IRM 4.24.22.4.5.6.10, Form 8849, Schedule 6, Later Events That Give Rise to An Overpayment By Someone Other than the Form 720 Taxpayer, and follow the procedures in the table to input the tire tax adjustment on MFT 03.

4.24.22.4.5.6.12
(08-10-2021)

**Form 8849, Schedule 6,
Claims Relating to Taxes
Reported on Form 2290**

- (1) A claim can be filed for the tax paid on a vehicle used on public highways 5,000 miles or less (7,500 for agricultural vehicles) during a prior taxable period (July 1 through June 30). The following items must be considered before allowing a mileage claim:
 - The mileage limitation applies to the total mileage a vehicle is used during a taxable period, regardless of the number of owners of the vehicle,
 - The claim must be made by the person that paid the tax to the government,
 - The claim may not be filed until after the end of that taxable period (after June 30), and
 - Credit interest is not allowable.

Input an allowable claim on MFT 60 with a TC 290 for zero, TC 770 for zero, and CRN 365 with the claim amount.
- (2) A pro-rated claim for refund may be filed for the tax paid on Form 2290 for a vehicle destroyed, stolen or sold before June 1 of the taxable period, and not used during the remainder of the taxable period. Input an allowable claim on MFT 60 with a TC 290 for zero and CRN 365 with the claim amount. Credit interest is allowable. See IRM 4.24.22.4.2.14.1, Form 2290, Vehicle Destroyed, Stolen, or Sold, for supporting documentation requirements and IRM 4.24.22.4.2.12.1, Privately Purchased Used Vehicles.
- (3) A claim can be filed for an overpayment of tax. Input adjustment using TC 291 for a tax decrease on MFT 60.
 - This is a claim for an overpayment of tax under IRC 6401 to report changes because of a mistake (reporting error) in the tax liability previously reported on Form 2290,
 - These claims are made by the person that paid the tax to the government, and
 - Credit interest is allowable.
- (4) A module credit balance of \$10.00 or more will generate an L- Freeze Code. The module is frozen from refund or offset. The credit must be addressed to avoid future transcript generation. The freeze condition is released with one of the following actions:
 - TC 290 posts to the module,
 - Credit transfer (Doc Code 34/24) posts to the module,
 - Module balance becomes zero or debit, or
 - TC 370 (Doc Code 51) posts to the module.

See IRM 21.5.6.4.23 for L- Freeze, and freeze condition release information.

4.24.22.4.5.6.13
(08-10-2021)

**Form 8849, Schedule 6,
Diesel Water Fuel
Emulsion Blending**

- (1) 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 (blender claims). The claim requirements are:
 - a. Claim must be at least \$750.00. See Form 8849, Schedule 6, instructions,
 - b. Claim must be filed during the first quarter following the last quarter included in the claim. Only one claim may be filed per quarter,
 - c. Claimant must attach a statement certifying that: the claimant produced a diesel-water fuel emulsion containing at least 14 percent water. The emulsion additive must be registered by a United States manufacturer under section 211 of the Clean Air Act with the Environmental Protection Agency,
 - d. Claimant used undyed diesel fuel taxed at \$.244 to produce the diesel-water fuel emulsion, and
 - e. Claimant sold or used the diesel-water fuel emulsion in its trade or business.
- (2) Input adjustment on MFT 40, using TC 290 and CRN 310.

4.24.22.4.5.7
(08-10-2021)

**Form 8849, Schedule 8,
Registered Credit Card
Issuers**

- (1) Schedule 8 is used by registered credit card issuers to make claims for sales of certain fuels for the exclusive use of a state or local government (taxable fuel), or for the exclusive use of a nonprofit educational organization (gasoline and aviation gasoline).
- (2) The taxable fuel must have been purchased with a credit card issued to the state or local government or nonprofit educational organization by the credit card issuer making the claim. The credit card issuer must be registered with the IRS with a Form 637 Registration, activity letter "CC".
- (3) If the taxable fuel is purchased without the use of a credit card issued by the credit card issuer to state or local government or nonprofit educational organization, or if the credit card issuer is not registered, the credit card issuer cannot make the claim.
- (4) The following claim requirements must be met:
 - a. Claim must be for taxable fuel sold during a period that is at least one week,
 - b. The amount of the claim must be at least \$200.00. (Amounts from lines 1 through 5 of Schedule 8 may be combined.), and
 - c. The claim 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.
- (5) The Schedule 8 is an interest bearing claim and may be filed electronically. See IRM 4.24.22.4.5.3 paragraphs (3) through (10) for interest bearing ultimate vendor claim procedures and manual refund requirements.
- (6) Use the following category codes for Schedule 8 claims:
 - SC8P for paper-filed claims, and
 - SC8E for electronically-filed claims

4.24.22.4.6
(08-10-2021)

**Specific Claims and
Other Issues**

- (1) This section includes information on other issues associated with excise taxes.

4.24.22.4.6.1
(08-10-2021)

**Alcohol and Tobacco
Tax and Trade Bureau
(TTB) Returns and
Correspondence**

- (1) Forward all Alcohol and Tobacco Tax and Trade Bureau (TTB) returns and correspondence to:

Alcohol and Tobacco Tax and Trade Bureau, TTB

Room 8002 Federal Office Bldg

550 Main Street

Cincinnati, OH 45202

- (2) The toll-free number for TTB is: 1-877-882-3277.

