

IRM PROCEDURAL UPDATE

DATE: 03/16/2026

NUMBER: sbse-04-0326-0301

SUBJECT: Added Guidance for AM CSRs Staffing Excise Phone Line

AFFECTED IRM(s)/SUBSECTION(s): 4.24.22

CHANGE(s):

IRM 4.24.22.1 - Updated the Purpose and Audience to expand coverage to AM CSRs staffing the Excise phone line and Taxpayer Assistance Centers, and to clarify responsibilities for both telephone and paper issues.

(1) **Purpose:** This IRM provides guidance to CSTO employees for addressing/resolving taxpayer correspondence, AM CSRs staffing the Excise phone line for answering telephone inquiries, and Taxpayer Assistance Centers (TAC) employees with issues relating to Excise Tax.

(2) **Audience:** The primary audience for this IRM is the SB/SE CSTO managers and employees assigned to resolve paper issues involving BMF Excise Tax Returns and AM CSRs staffing the Excise phone line.

(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) **Primary Stakeholders:** The primary stakeholders are SB/SE, Campus Examination, CSTO, and Taxpayer Services, Customer Account Services, Accounts Management.

(6) **Contact Information:** To recommend changes or make any other suggestions related to this IRM section, see IRM 1.11.6.5, Providing Feedback About an IRM Section - Outside of Clearance.

IRM 4.24.22.1.1 - Updated to include AM CSRs.

(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 CSTO employees and AM CSRs staffing the Excise phone line. 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.

IRM 4.24.22.1.3 - Updated title to Roles and Responsibilities. Added references to IRM 21.1.1 for guidance applicable to AM CSRs staffing the Excise phone line. Updated the section to expand applicability to AM CSRs.

(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 1.1.16.5.5.1, 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 1.1.16.5.5.1.5, 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) IRM 21.1.1, Accounts Management and Compliance Services Overview, provides guidance to AM CSRs staffing the Excise Account phone line.

(5) Managers are responsible for ensuring their employees have current copies of this section and are adhering to the procedures in this section.

(6) CSTO employees and AM CSRs are responsible for following the procedures and policies addressed in this section.

IRM 4.24.22.1.4 - Updated title to Program Management and Review. Moved existing content to IRM 4.24.22.1.6. Added information on program goals, reports, and effectiveness.

(1) **Program Goals:** The program goals are to ensure the timely and accurate responses to taxpayer inquiries by telephone, 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.

(2) **Program Reports:** The following reports may be used to evaluate the Excise paper and phone programs:

- Reports described in IRM 4.4.27, Reports
- AIMS - Centralized Information System reports
- Embedded Quality Review System (EQRS) reports
- National Quality Review System (NQRS) reports

(3) **Program Effectiveness:** Program effectiveness is determined by employees successfully using IRM guidance to perform necessary account actions and duties. Use the following reports to ensure program effectiveness:

- NQRS
- Centralized Evaluative Review (CER) (AM Employees Only)
- Managerial Reviews

IRM 4.24.22.1.5 - Added title Program Controls. Moved existing content to IRM 4.24.22.1.7. Added program controls.

(1) Managers use EQRS to measure employee performance. Quality reviews are also used for employee development and on-the-job instruction.

(2) Quality Review data is used by management to provide a basis for measuring and improving program effectiveness by identifying:

- Defect(s) resulting from site or systemic action(s) or inaction(s),
- Driver(s) of customer accuracy,
- Reason(s) for defect occurrence,
- Defect trends,

- Recommendation(s) for corrective action, and
- Training needs.

IRM 4.24.22.1.6 - Added title Terms and Acronyms. Moved content from IRM 4.24.22.1.4. Added new acronyms AM, BMF, CC, CSRs, CSTO, EIN, and TAC.

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

Acronym	Definition
ABS	Abstract Number
AM	Accounts Management
BMF	Business Master File
CAT-A	Category A (Classification)
CC	Command Code
CRN	Credit Reference Number
CSRs	Customer Service Representatives
CSTO	Centralized Specialty Tax Operation
DGE	Diesel Gallon Equivalent
EFTPS	Electronic Federal Tax Payment System
EIN	Employer Identification Number
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
PCOR	Patient-Centered Outcomes Research
SB/SE	Small Business Self-Employed
TAC	Taxpayer Assistance Centers

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TAS	Taxpayer Advocate Service
TTB	Tax and Trade Bureau
TTG	Telephone Transfer Guidance

IRM 4.24.22.1.7 - Added title Related Resources. Moved content from IRM 4.24.22.1.5. Added clarification that (1) and (6) are not applicable to AM CSRs. Added information about the Taxpayer Advocate Service.

(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. Not applicable to AM CSRs.

(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. Not applicable to AM CSRs.

(7) The Taxpayer Advocate Service is an independent organization within the IRS, led by the National Taxpayer Advocate, that helps taxpayers and protects taxpayer rights. TAS offers free help to taxpayers when a tax problem is causing a financial difficulty, when they've tried and been unable to resolve their issue with the IRS, or when they believe an IRS system, process, or procedure just isn't working as it should. TAS strives to ensure that every taxpayer is treated fairly and knows and understands their rights under the Taxpayer Bill of Rights. TAS has at least one taxpayer advocate office located in every state, the District of Columbia, and Puerto Rico.

IRM 4.24.22.3.1 - Updated title to Excise Tax Phone Assistance. Updated subsection to provide phone procedures for AM CSRs. Updated telephone guidance to reference IRM 21.7.1.4.4.1

(1) As of March 31, 2026, Accounts Management (AM) entered an agreement with SBSE to answer account calls related to Excise Tax. Specialized AM CSRs in the Buffalo and Oakland remote call sites, trained on Excise Account Phones, will answer these calls following guidance in this IRM.

(2) This subsection provides guidance to AM CSRs staffing the Excise phone line.

(3) The Excise phone line numbers are listed below. Refer to IRM 21.7.1.4.4.1, Excise Operations Telephone Transfer Guidance (TTG), for additional information.

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.

(4) Before disclosing any tax information, ensure 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. Review fax procedures contained in IRM 10.5.1.6.9.4, Faxing, for detailed procedures on how to safely fax sensitive information prior to faxing confidential information to the taxpayer.

Note: Form 2848, Power of Attorney and Declaration of Representative, and Form 8821, Tax Information Authorization, are not posted to CC CFINK for Form 637, Form 720-TO, Form 720-CS, or Form 8849.

IRM 4.24.22.3.1.1 - Added title AM CSR Responsibilities. Added guidance to provide phone procedures for AM CSRs.

(1) Generally, AM CSRs staffing the Excise phone line will follow normal AM procedures, with exceptions noted in this IRM.

(2) Allowable adjustments based on oral statements will generally be the same as the issues listed in IRM 21.1.3.20, Oral Statement Authority, and items a. through f. in IRM

21.7.1.4(2), Business Master File (BMF) /Non-Masterfile (NMF) Adjustment Procedures, with the following exceptions:

- Math error protests (substantiated and unsubstantiated)
- Lost, Stolen, Destroyed or Not Received refund claims
- Undeliverable refund reissuance (including address changes)
- Penalty abatement requests based on reasonable cause

Note: First time abatements and penalty abatements within tolerance are not out-of-scope. See IRM 20.1.2.2.4.1, Penalty Abatements and Re-assessments.

(3) Taxpayers will need to mail supporting documentation for out of scope issues to Department of the Treasury Internal Revenue Service Cincinnati, OH 45999-0031, or by fax to 855-386-1137.

(4) Tax law questions are also out-of-scope for AM CSRs staffing the Excise phone line. Refer taxpayers to the self-help options on out-of-scope tax law questions. See IRM Exhibit 21.1.1-2, Out-of-Scope Communications, for further instructions. Advise the taxpayer that the following resources are available (other proper resources may be provided).

- www.irs.gov (click on "Help" at the top of the page and select the proper option)
- www.irs.gov/excise
- www.irs.gov/trucker (if applicable)
- Pub 510, Excise Tax

(5) For other out-of-scope issues, or if the taxpayer's inquiry cannot be resolved by using the available references, the taxpayer can submit an inquiry by mail or fax. Correspondence should be mailed to Department of the Treasury Internal Revenue Service Cincinnati, OH 45999-0031, or faxed to 855-386-1137. Submissions should include the following: Contact name, Employer Identification Number (EIN), phone number, fax number, and copies of relevant notices, returns, schedules, proof of mailing (if applicable), supporting documentation, etc. All inquiries must be signed by an individual who has the authority to bind the company, such as a Corporate Officer, Partner, or Sole Proprietor.

Note: Taxpayers with ExSTARS questions should be referred to www.irs.gov/exstars, or the ExSTARS EDI Help Desk 216-898-6432, open Monday – Friday, 8:00 a.m. to 5:00 p.m. EST.

(6) Taxpayers inquiring about registration as an ultimate vendor or other types of registration can complete and submit a Form 637. Registration status can be confirmed at <https://apps.irs.gov/app/exciseTax/>. If their registration is missing or has been revoked, they can contact the IRS directly at 281-721-7709.

(7) AM CSRs must document significant account actions in IDRS when CSTO has open controls (control numbers 0208), or when actions taken are not otherwise documented in IDRS. Use CC ACTON to input history on CC TXMOD.

Example: When mailing or faxing a stamped Schedule 1, input history MAILSCH1 or FAXSCH1.

(8) AM CSRs may transfer misapplied payments involving Excise accounts. Apply the following procedures:

- Do not transfer a misapplied payment to a module with no TC 150 present. Advise the taxpayer to submit a written request by mail or fax to the address or fax listed in paragraph (5) above.
- Check the account filing requirements using CC ENMOD or CC INOLE when transferring a misapplied payment from a module without a TC 150 to determine whether the misapplied payment established a filing requirement.
- Remove the filing requirement if the misapplied payment erroneously established a filing requirement.
- Do not transfer the payment if the CSR is unable to determine whether the filing requirement should be removed. Advise the taxpayer to submit a written request by mail or fax to the address or fax in paragraph (5) above.

(9) Taxpayers contacting the Excise phone line may have inquiries related to procedures that are the responsibility of CSTO employees as listed in this IRM. While AM CSRs can provide general information and guidance on these topics, they will not take any actions on adjustments that are the responsibility of CSTO employees.

IRM 4.24.22.3.1.2 - Added title Claim/Refund Inquiries. Added guidance to provide phone procedures for AM CSRs.

(1) AM CSRs staffing the Excise phone line are not responsible for conducting refund traces.

(2) If a taxpayer requests the status of their filed claim, follow the procedures below to research the claim:

Step	Procedure
1. Gather Claim Information	<ul style="list-style-type: none"> • Ask taxpayer for the schedule of the filed Form 8849 (e.g., Schedule 1, 2, or 3). • Ask taxpayer for the "period of claim" (located at the top of each schedule of Form 8849).

2. Determine Tax Period and MFT	<ol style="list-style-type: none"> 1. Verify taxpayer's Fiscal Year Month (FYM) in ENMOD. 2. Use FYM to determine the tax period in IDRS based on the period of claim. 3. Determine MFT based on schedule filed and the taxpayer's FYM. <p>Example: If taxpayer filed Schedule 1 with a period of claim of 01/01/2025-02/28/2025 and FYM is 03, MFT is 40 and tax period is 202503.</p>
3. Research IDRS	<p>Research the appropriate MFT and tax period in IDRS to search for the following:</p> <ul style="list-style-type: none"> • Amount of refund • TC 846 posting date (if applicable) • Control activity (if applicable) <p>If no TC 846 is posted, check BMFOLI to see if there are other tax periods with an available credit.</p>
4. Interpret Control Activity	<ul style="list-style-type: none"> • If control is open and assigned, claim is being worked by a Tax Examiner (TE). • If control is open and unassigned, claim has been received but not assigned to a TE. • If the control is closed, verify whether the credit was approved or if Letter 916C, Claim Incomplete for Processing; No Consideration, was sent indicating the taxpayer's claim was denied.

(3) The following procedures should be used to provide taxpayers with the status of their claim:

If	And	Then
If the taxpayer says they received their check,	The check was lost, stolen, or destroyed	Advise the taxpayer that Form 3911, Taxpayer Statement Regarding Refund, must be submitted. See paragraph (4) below.
If the taxpayer says they have not	A TC 840/846 is present on the module, and it has been at least four	Advise the taxpayer that Form 3911, Taxpayer Statement Regarding Refund, must be submitted. See paragraph (4) below.

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received their check,	weeks from the mailing date,	
If the taxpayer says they have not received their check,	A TC 840/846 is present on the module, and it has not been at least four weeks from the mailing date,	Advise the taxpayer to call back when four weeks from the issue/ mailing date have passed and the check has not been received.
If the taxpayer says they have not received their check,	A TC 840/846 is not present on the module, and a significant time has passed since filing the claim,	Advise the taxpayer they can submit an inquiry by mail or fax. Correspondence should be mailed to Department of the Treasury Internal Revenue Service Cincinnati, OH 45999-0031, or faxed to 855-386-1137. Submissions should include the following: Contact name, EIN, phone number, fax number, and copies of relevant notices, returns, proof of mailing (if applicable), supporting documentation, etc. All inquiries must be signed by an individual who has the authority to bind the company, such as a CEO/Corporate Officer, Partner, or Sole Proprietor.

(4) Advise taxpayers that Form 3911 is available on IRS.gov. Completed forms should be mailed or faxed to the locations below. States west of the Mississippi should submit authorizations to Ogden; states east of the Mississippi should submit authorizations to Cincinnati. The exceptions are Arkansas and Louisiana submit authorizations to Cincinnati. Wisconsin authorizations are submitted to Ogden.

Cincinnati Refund Inquiry Unit
7940 Kentucky Dr
Mail Stop 536G
Florence, KY 41042-2915
Fax: 855-307-3124

Ogden Refund Inquiry Unit
1973 N Rulon White Blvd
Mail Stop 6733
Ogden, UT 84404
Fax: 855-578-2550

Note: See IRM 21.3.6.4.2, Other Methods of Obtaining Forms and Publications. If the taxpayer cannot obtain the form online, advise the taxpayer you can mail or fax them a form.

(5) See IRM 21.1.3.18, Taxpayer Advocate Service (TAS) Guidelines, for handling requirements when a taxpayer is experiencing a hardship, an unusual delay in resolving their account issue, or specifically requests TAS assistance AND you cannot resolve the taxpayer's issue within 24 hours (i.e., "same day").

Caution: As of January 5, 2026, Accounts Management (AM) no longer prepares Form 911 or Form e-911 for taxpayers meeting TAS criteria or otherwise requesting TAS assistance.

IRM 4.24.22.3.2 - Removed references to centralized excise operations to avoid limiting applicability.

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

(2) For claim processing procedures in CSTO, refer to IRM 4.24.22.4.6, Specific Claims and Other Issues.

(3) 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.

(4) 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.

(5) Centralized Excise Operations employees should not process claims filed under IRC 6435, regardless of form used for filing. These claims should be held in suspense until further notice. Refer to IRM 4.24.22.4.5.5.2, for additional information.

IRM 4.24.22.3.3 - Clarified that certain procedures only apply to CSTO employees.

(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, CSTO employees 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, CSTO employees 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.

IRM 4.24.22.3.4 - Removed IAT tool for RCA from the bullet list. RCA is not used for Excise accounts.

(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.

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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:

- 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 IAT Website can be used to subscribe to the IAT newsletter, report problems with IAT tools, and research IAT job aids.

IRM 4.24.22.3.5 - Updated title to Monitoring Centralized Excise Manual Refunds (CSTO Employees Only).

(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

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- Destroy the Manual Refund Listing as classified waste after the retention period.

IRM 4.24.22.3.6 - Added title Balance Due Accounts.

(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. AM CSRs also refer to IRM 21.1.1.3.1, Accounts Management (AM) Customer Service Representative (CSR) Duties Handling Accounts with Balance Due / Missing Returns, when responding to balance due issues.

(2) If the taxpayer can full pay the balance due amount now, provide the taxpayer with a payoff amount. See IRM 5.19.1.6.2, Can Full Pay Balance Due Now (Payoff), for additional information.

(3) Employees cannot answer payment installment inquiries or initiate installment agreements (Status 60 accounts). Route installment agreement calls to #1089.

(4) If the taxpayer is submitting information to satisfy or resolve the balance due or requests a hold on collection while the taxpayer's correspondence or other request is being processed, suppress balance due IDRS Notices with CC STAUP. See IRM 21.5.2.4.8.2, Suppressing Balance Due Notices.

(5) Refer to IRM 4.24.22.4.2.5.1, Balance Due Payment, for additional procedures relating to balance due accounts and installment agreements for Form 2290.

IRM 4.24.22.4 - Clarified that this subsection applies to AM CSRs and CSTO employees.

(1) This section contains procedures for AM CSRs staffing the Excise phone line and CSTO employees 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 (4), Excise Tax Research, to determine if the return is being held for a RICS BMF IDT review.

IRM 4.24.22.4.1.4.1 - Clarified that certain procedures only apply to CSTO employees.

(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.

(5) CSTO employees input adjustment on MFT 03 using TC 29X with the appropriate IRS No.

IRM 4.24.22.4.1.4.2 - Clarified that certain procedures only apply to CSTO employees.

(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.

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(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) CSTO employees input adjustment on MFT 03 using TC 29X and IRS No. 22.

IRM 4.24.22.4.1.4.3 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustments on MFT 03 using TC 29X with the appropriate IRS No.

IRM 4.24.22.4.1.4.4.2 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees 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.

IRM 4.24.22.4.1.4.4.3 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment on MFT 03 using TC 29X and IRS No. 104.

IRM 4.24.22.4.1.4.4.5 - Clarified that certain procedures only apply to CSTO employees.

(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)
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(2) CSTO employees 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.

IRM 4.24.22.4.1.4.4.6 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees 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.

IRM 4.24.22.4.1.4.4.7 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees adjust the tax on MFT 03, using the applicable IRS No. and tax rate.

IRM 4.24.22.4.1.4.4.8 - Clarified that certain procedures only apply to CSTO employees.

(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:

- a. Transportation of a qualified fractional owner in a fractional ownership aircraft program, or
- b. 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:

- a. Listed as a fractional program aircraft in the management specifications issued to the manager of such program by the FAA, or
- b. 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 No. 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) CSTO employees input any adjustment to the tax on MFT 03 with a TC 29X and IRS No. 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.

IRM 4.24.22.4.1.4.4.9 - Clarified that certain procedures only apply to CSTO employees.

- (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) CSTO employees adjust tax on MFT 03 using IRS No. 79 and appropriate tax rate.

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IRM 4.24.22.4.1.4.4.10 - Clarified that certain procedures only apply to CSTO employees.

(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
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) CSTO employees adjust the tax on MFT 03 using the appropriate CRN and tax rate.

IRM 4.24.22.4.1.4.5 - Clarified that certain procedures only apply to CSTO employees.

(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 pay load (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) CSTO employees input adjustment on MFT 03 using TC 290 and the appropriate IRS No.

IRM 4.24.22.4.1.4.6 - Clarified that certain procedures only apply to CSTO employees.

- (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) CSTO employees input adjustment on MFT 03, using TC 29X and IRS No. 29.

IRM 4.24.22.4.1.4.7 - Clarified that certain procedures only apply to CSTO employees.

- (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) CSTO employees input adjustment using TC 29X and IRS No. 30 on MFT 03.

IRM 4.24.22.4.1.4.8 - Clarified that certain procedures only apply to CSTO employees.

- (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>
Coal - Surface Mined	38	<p>If the sale price of the surface mined coal is \$12.50 or more per ton, use the \$.55 per ton tax rate.</p> <p>Note: Rates have changed - for rates prior to October 1, 2022, see Form 720 for applicable rates.</p>
Coal - Surface Mined	39	<p>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.</p> <p>Note: Rates have changed - for rates prior to October 1, 2022, see Form 720 for applicable rates.</p>
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)

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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) CSTO employees input adjustment with TC 290 on MFT 03 using appropriate IRS No.

IRM 4.24.22.4.1.4.8.1 - Updated title to Excise Tire Tax (CSTO Employees Only).

(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 4.24.22.4.5.6.10, 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.

IRM 4.24.22.4.1.4.8.2 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment using TC 29X and IRS 40.

IRM 4.24.22.4.1.4.8.3 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment using TC 29X and IRS No. 97.

IRM 4.24.22.4.1.5.1 - Removed PCORI fee table and added reference to irs.gov website with current and historical rates. Clarified that certain procedures only apply to CSTO employees.

(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, 2029. See Patient-Centered Outcomes Research Institute filing due dates and applicable rates | Internal Revenue Service or Form 720 for applicable rates.

(5) CSTO employees 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)

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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)
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 Requirements, 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.

IRM 4.24.22.4.1.5.2 - Clarified that certain procedures only apply to CSTO employees.

(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.

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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>
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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) CSTO employees input adjustments with a TC 29X on MFT 03 using appropriate IRS No.

IRM 4.24.22.4.1.5.3 - Clarified that certain procedures only apply to CSTO employees.

(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 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) CSTO employees input adjustments with TC 29X on MFT 03 using IRS No. 140.

(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.

IRM 4.24.22.4.1.5.4 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment with TC 29X on MFT 03 and IRS No. 64 and IRS No. 125 (if applicable).

IRM 4.24.22.4.1.5.5 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment with TC 29X on MFT 03 using IRS No. 51.

IRM 4.24.22.4.1.5.6 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment using TC 290 on MFT 03 with IRS No 117.

IRM 4.24.22.4.1.5.7 - Clarified that certain procedures only apply to CSTO employees.

- (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) CSTO employees input adjustment using TC 29X on MFT 03 using IRS No. 20.

IRM 4.24.22.4.1.7 - Clarified that certain procedures only apply to CSTO employees.

- (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
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

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"P Series" fuels	427	\$.50
Compressed natural gas (CNG)	428	\$.50
Liquefied hydrogen	429	\$.50
Note: Terminates for sales or uses after December 31, 2022.		
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) If claimed amount of refund is \$1 or some other nominal amount, reject the claim using no consideration procedures as referenced in IRM 21.5.3.4.6.3, No Consideration Procedures.

Exception: If claimed amount of refund is \$1 or some other nominal amount, and the claimant has stated they are filing a Protective Claim, process claim using protective claim procedures. See IRM 21.5.3.4.7.3, Protective Claims.

(8) CSTO employees 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.

(9) 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.

(10) CSTO employees 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.

IRM 4.24.22.4.1.7.1 - Updated title to Form 720-X, Tax Increase (CSTO Employees Only).

(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.

IRM 4.24.22.4.1.7.2 - Updated title to Form 720-X, Tax Decrease (CSTO Employees Only).

(1) For tax decreases, see chart below:

If	Then
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. <p>See IRC 6611(g), for more information</p> <ol style="list-style-type: none"> 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.

(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 20.2.4.10,	Compute using COMPAC.

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Special Overpayment Interest Rules for Corporations, for the definition of a "Corporate" taxpayer.)	
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 20.2.4.10.2, 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 20.2.4.10.2, 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.

IRM 4.24.22.4.1.8 - Updated title to CP 183, Missing IRS No., Form 720 (CSTO Employees Only).

(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.

IRM 4.24.22.4.1.10 - Added guidance for AM CSRs to follow IRM 21.7.1.4.7.1 for EIN verification.

(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.

(2) 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 EIN. These actions cannot take place under the owner's Taxpayer Identification Number (TIN).

(3) 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. AM CSRs follow procedures in IRM 21.7.1.4.7.1, Employer Identification Number (EIN) Verification and Requests for Letter 147C, EIN Previously Assigned, to assist with EIN verification.

(4) 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.

IRM 4.24.22.4.1.12 - Updated title to Form 720, Excise Tax Reported on Duplicate, Amended, or Supplemental Returns (CSTO Employees Only).

(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:

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- # [REDACTED]
- 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.

IRM 4.24.22.4.2.3 - Removed references to Excise and TAC employees to avoid limiting applicability.

(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 employees with proof of payment determination.

If	And	Then
First Owner	States they need a Schedule 1 so they can register their vehicle	Ask if they have purchased the vehicle within the last 60 days: <ol style="list-style-type: none"> 1. If yes, <ul style="list-style-type: none"> ○ they do not need a Schedule 1 to register the vehicle.

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		<ul style="list-style-type: none"> ○ 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.
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.

IRM 4.24.22.4.2.4 - Added guidance for AM CSRs to follow IRM 21.1.1.3(9) for TAC appointments. Removed guidance that phone assistor will help with Form 2290 preparation.

(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 frequently received.

(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.

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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 phone 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.	<p>Provide the following options:</p> <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. AM CSRs follow IRM 21.1.1.3(9) , Customer Service Representative (CSR) Duties, for TAC appointments. <p>Caution: The taxpayer must have an EIN before an appointment can be scheduled. See IRM 21.3.4.2.3.5.2(15), Appointment Considerations.</p>
3	Has not filed a return, not paid the tax	This is not an emergency.	<p>Provide the following options:</p> <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. AM CSRs follow IRM 21.1.1.3(9), Customer Service Representative (CSR) Duties, for TAC appointments. <p>Caution: The taxpayer must have an EIN before an appointment can be scheduled. See IRM 21.3.4.2.3.5.2(15), Appointment Considerations.</p>
4	Filed a return, paid the tax, has an unstamped 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"> 1. Advise the caller to fax a copy of the Schedule 1 to the local fax number.

			<ol style="list-style-type: none"> 2. Verify the return has been filed and the tax 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 BMFOL, or, if no tax was due, the date the return was filed. Fax or mail the Schedule 1 to the taxpayer. <ul style="list-style-type: none"> • 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. AM CSRs follow IRM 21.1.1.3(9) , Customer Service Representative (CSR) Duties, for TAC appointments.
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"> 1. Advise the caller to prepare a new Schedule 1 by duplicating the original in its entirety and fax a copy to the local fax number. 2. Verify the return has been filed and the tax 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 was due, the date the return was filed. 4. 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.

			<ul style="list-style-type: none"> 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. AM CSRs follow IRM 21.1.1.3(9), Customer Service Representative (CSR) Duties, for TAC appointments.
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. 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. AM CSRs follow IRM 21.1.1.3(9) , Customer Service Representative (CSR) Duties, for TAC appointments.

IRM 4.24.22.4.2.5.1 - Moved general balance due guidance to IRM 4.24.22.3.6. Clarified procedures that apply to both CSTO employees and AM CSRs.

(1) 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.

(2) 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 .

(3) CSTO employees and AM CSRs will verify full payment and issue the stamped Schedule 1.

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.

IRM 4.24.22.4.2.9 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees 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.

IRM 4.24.22.4.2.10 - Clarified that certain procedures only apply to CSTO employees.

(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)	Liablr 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) CSTO employees 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.

(6) If the taxpayer does not indicate when the vehicle exceeded 5,000 miles (7,500 miles for agricultural vehicles), CSTO employees 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.

IRM 4.24.22.4.2.14 - Clarified that certain procedures only apply to CSTO employees.

(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, CSTO employees 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.

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

IRM 4.24.22.4.2.14.1 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees 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.

IRM 4.24.22.4.2.15 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees reject claim using appropriate disallowance letter.

IRM 4.24.22.4.2.17 - Updated title to Form 2290, Vehicle Identification Number (VIN) Correction (CSTO Employees Only).

(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.

IRM 4.24.22.4.2.18 - Updated title to Form 2290, Loose Schedule 1 (CSTO Employees Only).

(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. Note 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.

IRM 4.24.22.4.2.19 - Updated title to Form 2290, Duplicate Filing Condition (TRNS 193) (CSTO Employees Only).

(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

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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:

- # [REDACTED]
[REDACTED]
[REDACTED] #
- 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.

IRM 4.24.22.4.3.4 - Updated title to Tax Decreases (CSTO Employees Only).

(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 year during which the person receives no taxable wages. # [REDACTED]
[REDACTED] #

(2) If an original return is available, use Blocking Series (BS) 08 to adjust account.

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(3) If only an amended return is available, use BS 15 to adjust account.

IRM 4.24.22.4.3.4.1 - Updated title to Form 11-C, Incorrect Employer Identification Number (EIN) (CSTO Employees Only).

(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.

IRM 4.24.22.4.3.4.2 - Updated title to Form 11-C, Overpayment of Tax Due to Taxpayer Error (CSTO Employees Only).

(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 4.24.22.4.5.6.8, Form 8849, Schedule 6, Claims Relating To Taxes Reported on Form 11-C, for refunds on overpayments of the occupational tax.

IRM 4.24.22.4.4.5 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input TC 591 with closing code 20 using FRM 49 to close filing requirements when a final return is filed.

IRM 4.24.22.4.4.6.1 - Clarified that certain procedures only apply to CSTO employees.

(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:

- a. The facts involving the overpayment,
- b. An explanation of the reason for claiming a credit,
- c. The date of payment and the amount of the tax, and
- d. 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:

- a. 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,
- b. Has repaid the amount of the tax to the person that placed the wager, or
- c. 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) CSTO employees input an adjustment transaction on MFT 64 for the taxable period to which the claim relates using TC 291 for a tax decrease.

IRM 4.24.22.4.4.6.2 - Clarified that certain procedures only apply to CSTO employees.

(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:

- a. The reason for the credit,

- b. The month in which the tax was paid,
- c. The date of payment, and
- d. 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) CSTO employees input an adjustment transaction on MFT 64 for the taxable period to which the claim relates using TC 766.

IRM 4.24.22.4.4.7 - Updated title to Form 730, Duplicate Returns (CSTO Employees Only).

(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.

IRM 4.24.22.4.5 - Clarified that certain procedures only apply to CSTO employees.

(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, CSTO employees reject claim with appropriate no consideration letter.

(8) If claimed amount of refund is \$1 or some other nominal amount, reject the claim using no consideration procedures as referenced in IRM 21.5.3.4.6.3.

Exception: If claimed amount of refund is \$1 or some other nominal amount, and the claimant has stated they are filing a Protective Claim, process claim using protective claim procedures. See IRM 21.5.3.4.7.3.

(9) 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, CSTO employees 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 CSTO employees are 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.

(10) 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.

IRM 4.24.22.4.5.1 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees process Ultimate Purchaser Claims 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, SERP IDRS Command Code Job Aid). 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.

IRM 4.24.22.4.5.1.1 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees only adjust the account as follows:

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

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- 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.

IRM 4.24.22.4.5.2 - Clarified that certain procedures only apply to CSTO employees.

(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,

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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) CSTO employees must use the instructions below 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

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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
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

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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) CSTO employees 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, CSTO employees 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, CSTO employees 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 by CSTO employees 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, CSTO employees refer to IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures, for processing procedures.

IRM 4.24.22.4.5.3 - Clarified that certain procedures only apply to CSTO employees.

(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

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		<p>information in the certificate or statement is false.</p> <ul style="list-style-type: none"> • 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.
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,

		<p>amounts from lines 2 and 3 may be combined.)</p> <ul style="list-style-type: none"> • 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.
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 noncommercial 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 	<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.

	trade (Use CRN 433 at tax rate \$.001.)	
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).
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,

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		<p>amounts from lines 4(a), 4(b), 5(a), and 5(b) may be combined.)</p> <ul style="list-style-type: none"> • 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).
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(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), CSTO employees 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 by CSTO employees 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, CSTO employees use the table below:

If	Then
The claim is allowable.	Send the refund to the address of record and: (1) Send a Letter 104-C to the address of record.

	<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.).	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.)

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 20.2.4.10 , Special Overpayment 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 20.2.4.10.1 , 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 by CSTO employees to process valid interest bearing (20-day or 45-day) fuel claims.

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- 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, review the supporting documentation or contact the taxpayer to ensure the claim is processed on the appropriate period.

- 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) CSTO employees 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.

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(9) If the claim is not allowable, CSTO employees 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, CSTO employees 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 by CSTO employees 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, CSTO employees refer to IRM 21.5.3.4.6.1 for processing procedures.

IRM 4.24.22.4.5.4 - Clarified that certain procedures only apply to CSTO employees.

(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:

- a. Meet ASTM D6751, and
- b. 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.

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		<ul style="list-style-type: none"> • 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.
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.

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		<ul style="list-style-type: none"> • 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.
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(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:

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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.
Compressed natural gas (CNG)	\$.50 (CRN 428 GGE = 121 cu. ft.) Note: for tax purposes, CNG has a GGE of 5.66	<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.

	pounds or 123.57 cubic feet of CNG.	<ul style="list-style-type: none"> • 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.

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		<ul style="list-style-type: none"> • 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.
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

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		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.
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.

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		<ul style="list-style-type: none"> • 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.
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(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 for CSTO employees.

IRM 4.24.22.4.5.4.1 - Updated title to Form 8849, Schedule 3, Certain Fuel Mixtures and the Alternative Fuel Credit, Time Frames for Interest Bearing Claims (CSTO Employees Only).

(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.

IRM 4.24.22.4.5.4.2 - Updated title to Form 8849, Schedule 3, Processing Claims for Certain Fuel Mixtures and the Alternative Fuel Credit (CSTO Employees Only).

(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.

IRM 4.24.22.4.5.5.1 - Clarified that certain procedures only apply to CSTO employees.

(1) 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

(2) 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.

(3) There is no minimum amount for this claim.

(4) 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.

(5) No interest is allowable.

(6) CSTO employees must research master file to verify a return was filed and tax paid.

IRM 4.24.22.4.5.5.1.1 - Updated title to Form 8849, Schedule 5, IRC Section 4081(e) Claims Selected by Examination (CSTO Employees Only).

- (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 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.
- (6) If claim is full disallowance (such as an expired period):
 1. Input TC 290,
 2. Use Blocking series 98, and
 3. 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).

IRM 4.24.22.4.5.6.2 - Clarified that certain procedures only apply to CSTO employees.

- (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) CSTO employees input the adjustment using CRN 398.

IRM 4.24.22.4.5.6.5 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment using TC 290 with CRN 340 for dollar amount. Interest is allowable.

IRM 4.24.22.4.5.6.6 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment using TC 290.00, CRN 397 and TC 770.00.

IRM 4.24.22.4.5.6.7 - Clarified that certain procedures only apply to CSTO employees.

(1) CSTO employees 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) CSTO employees 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. CSTO employees 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.

IRM 4.24.22.4.5.6.8 - Clarified that certain procedures only apply to CSTO employees.

(1) CSTO employees 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.

IRM 4.24.22.4.5.6.9 - Updated title to Form 8849, Schedule 6, Later Events That Give Rise to an Overpayment by Someone Other Than the Form 720 Taxpayer (CSTO Employees Only).

(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).

IRM 4.24.22.4.5.6.11 - Clarified that certain procedures only apply to CSTO employees.

(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.

CSTO employees 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. CSTO employees 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. CSTO employees 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 by CSTO employees 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.

IRM 4.24.22.4.5.6.12 - Clarified that certain procedures only apply to CSTO employees.

(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) CSTO employees input adjustment on MFT 40, using TC 290 and CRN 310.

IRM 4.24.22.4.6.2 - Removed phone teams from claims routing.

(1) All Claims are received in the Excise Clerical Unit and sorted by schedule and whether claims fall under CAT-A criteria. The claims are scanned and posted into designated claim folders in the Excise Common Drive. The Clerical Unit controls the cases on IDRS and distributes to the appropriate personnel in CSTO. The types of claims are as follows:

- Schedule 1 - Nontaxable Use of Fuels.
- Schedule 2 - Sales by Registered Ultimate Vendors.
- Schedule 3 - Certain Fuel Mixtures and the Alternative Fuel Credit.
- Schedule 5 - 4081(e) or 4091(d).
- Schedule 6 - Other Claims (can be a true Schedule 6, fuel claim or Form 2290, 720, 730, or 11-C).
- Schedule 8 - Registered Credit Card Issuers.

(2) See IRM 4.24.22.3.2(2), for claims falling under CAT-A criteria, which are distributed to the following teams to be worked:

- Form 8849 (Schedules 1, 2, 5, 6 and 8), Form 2290, Form 720X, Form 730 and Form 11-C should be distributed to the Excise Tax Revenue Agents for classification.
- Form 8849 (Schedule 3) should be distributed to Excise Tax Specialists for classification. After claims are classified, they are sent to the Excise Manual Refund Team or Paper Teams for processing.

(3) Claims not subject to CAT-A criteria are distributed to the following teams:

- Form 8849 (Schedules 1, 2, 3, 5, and 8) are distributed to the Excise Manual Refund Team and processed.
- Form 2290, Form 720X, Form 730, and Form 11-C are distributed to the Excise Paper Teams and processed.

(4) Claims meeting criteria for selection to Field Exam for examination are emailed by the CSTO Classification Teams to the Workload Selection and Delivery (WSD) mailbox for review. Any applicable supporting documentation should be included.

Note: Subject line of email should indicate the reason for selection.

(5) If the claim is selected for examination by WSD, the claim will be sent back to the CSTO AIMS/ERCS team to establish AIMS/ERCS controls. WSD will notify the respective CSTO Classification Team that the claim was selected for Field Exam. When the case reaches full AIMS/ERCS status:

- A paper claim is attached to a Form 3210 and mailed by USPS to the Field Group Manager.
- An E-filed claim is input into IMS and sent to the Field Group Manager.

(6) If the claim is not selected for examination by WSD, the claim is sent back to the respective CSTO team for processing.