



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.24.1

MARCH 17, 2023

EFFECTIVE DATE

(03-17-2023)

PURPOSE

- (1) This revises IRM 4.24.1, Excise Tax, Introduction to Excise Taxes.

MATERIAL CHANGES

- (1) Refer to the table below for a description of the material changes made.

Number	Subsection	Description of Change
1	IRM 4.24.1.1, Program Scope and Objectives	Updated names of two primary stakeholders: Independent Office of Appeals (from Appeals) and Excise Tax Examination (from Specialty Examination).
2	IRM 4.24.1.1.2, Authority	Incorporated guidance addressing the significance of IRM 4.24, which provides the foundational support for the consistent administration of excise taxes by various IRS operating divisions. Added IRC 4293 (Communications), IRC 4103 and IRC 4105 (Fuels (gasoline, diesel fuel, kerosene, other fuels)), IRC 4413 (Occupational Tax and Registration Return for Wagering), IRC 4501 (Repurchase of Corporate Stock), and IRC 4413 (Wagering). Updated titles for Airport and Airways Air Transportation to Airport and Airway; Inland Waterways Trust to Inland Waterways; Oil Spill Tax to Tax on Petroleum; and Oil Spill Liability to Oil Spill Liability; Hazardous Substance Superfund. Incorporated guidance addressing Repurchase of Corporate Stock. Incorporated guidance addressing the authoritative role and importance of IRM 4.24.
3	IRM 4.24.1.1.3, Roles and Responsibilities	Incorporated guidance citing IRM 4.24.25.5.3.2 to review CFINK to determine if a Power of Attorney (POA) exists for the taxpayer.
4	IRM 4.24.1.1.4, Program Objectives and Review	Incorporated guidance discussing the purpose of Program Reports. Incorporated a note observing that the status of Whistleblower claims are addressed under quarterly Business Performance Review Reports.
5	IRM 4.24.1.1.5, Terms/Definitions/ Acronyms	Changed title to Acronyms.

Number	Subsection	Description of Change
6	IRM 4.24.1.1.6, Related Resources	Incorporated guidance providing information related to examining and processing Excise Tax Program returns and claims that included the following IRM sections: 4.24.2, 4.24.5, 4.24.6, 4.24.8, 4.24.9, 4.24.10, 4.24.13, 4.24.14, 4.24.15, 4.24.16, 4.24.17, 4.24.18, 4.24.20, 4.24.21, 4.24.22, 4.24.23, 4.24.24, and 4.24.25. Incorporated guidance addressing the resources offered by Taxpayer Advocate Service (TAS) and provided an electronic link to the applicable website. Incorporated guidance that updated the explanation for the Taxpayer Bill of Rights (TBOR), as well as provided an electronic link to the applicable website.
7	IRM 4.24.1.2.1, Examination Scope	Incorporated guidance that an examiner must consult with the manager before expanding the scope of an examination to additional periods or related entities.
8	IRM 4.24.1.3, Excise Taxes - General Information	Incorporated a note referencing the table in IRM 4.24.1.1.2(1) regarding the most significant statutes affecting excise taxes.
9	IRM 4.24.1.4, Purpose - Excise Tax IRM	Changed title to Excise Tax Program Returns. Moved guidance about claims (except for Form 720X) to IRM 4.24.1.5. Added a note referencing IRM 4.24.8 for more detailed guidance about claims for refund. Added a note referencing IRM 4.24.17 for information about ExSTARS. Added a note referencing IRM 4.24.6.2.7 for information about structured settlements.
10	IRM 4.24.1.5, Excise Tax Returns and Claim Forms	Changed title to Excise Tax Program Claims. Incorporated Form 720, Schedule C, to the list of claims forms. Added two notes referencing IRM 4.24.8 for more information about processing claims. Added a note referencing that penalty claims are processed by the Cincinnati Compliance Service Center. Added guidance that Form 4136, Form 8864, and Form 6478 are attached to an income tax return and processed at the Submission Processing Center. Corrected the title for Form 8864 to Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit.
11	IRM 4.24.1.6, Excise Taxes Reported on Form 720	Incorporated guidance that observed Form 720-V, Payment Voucher, is one of the various sections of Form 720 and is completed by the taxpayer only if payment is made by check or money order. Moved previous guidance referencing IRM 4.24.17 (ExSTARS information) to IRM 4.24.1.5.

Number	Subsection	Description of Change
12	IRM 4.24.1.6.1, Electronic Federal Tax Payment System	Removed guidance that could not be verified that referred users to Centralized Specialty Tax Operations, as well as to a toll-free telephone number that is no longer working. The referenced IRM citation and Knowledge Management electronic link are operational and appropriate.
13	IRM 4.24.1.6.2.1, Environmental Taxes	Updated guidance under IRM 4.24.1.6.2.1(1) to include IRS Nos. 53 and 18 for when tax is imposed on crude oil when it is received at a U.S. refinery. Renamed ABS 18 as IRS No. 18. Updated guidance under IRM 4.24.1.6.2.1(2) to include IRS Nos. 16 and 21 for when tax is imposed on imported petroleum products when they are entered into the United States for consumption, use, or warehousing. Renamed ABS 21 as IRS No. 21. Incorporated guidance that petroleum tax is the sum of financing rates for the Oil Spill Liability Trust Fund and the Hazardous Substance Superfund. The preceding abstracts were reinstated because of the passage of the Inflation Reduction Act of 2022 that was enacted on August 16, 2022. Under IRM 4.24.1.6.2.1(5) renamed ABS 54 to IRS No. 54. Under IRM 4.24.1.6.2.1(6) renamed ABS 17 to IRS No. 17. Under IRM 4.24.1.6.2.1(7) renamed ABS 98 to IRS No. 98. Under IRM 4.24.1.6.2.1(8) renamed ABS 19 to IRS No. 19.
14	IRM 4.24.1.6.2.2, Communications and Air Transportation Taxes	Under IRM 4.24.1.6.2.2(1) renamed ABS 22 to IRS No. 22. Under IRM 4.24.1.6.2.2(4) updated guidance for transportation of persons by air, use of international air travel facilities, and transportation of property by air. Incorporated two separate notes referring to IRC 4261 and IRC 4271 for more detailed guidance. Under IRM 4.24.1.6.2.2(4) renamed ABS 26, ABS 27, and ABS 28 to IRS Nos. 26, 27, and 28. Under IRM 4.24.1.6.2.2(7) incorporated a reference for fractional ownership program flights that are not taxable under IRC 4261 or IRC 4271 that links them to IRM 4.24.1.6.2.3.6.

Number	Subsection	Description of Change
15	IRM 4.24.1.6.2.3.1, Diesel Fuel and Diesel-Water Fuel Emulsion (ABS 60 and ABS 104)	Changed title to Diesel Fuel, Kerosene, and Gasoline. Consolidated taxable fuels into one subsection because tax is imposed under the same IRC section for diesel, kerosene, and gasoline. Moved guidance addressing kerosene from IRM 4.24.1.6.2.3.3 and that for gasoline from IRM 4.24.1.6.2.3.4. Moved prior guidance addressing diesel-water fuel emulsion to IRM 4.24.1.6.2.3.2. Under IRM 4.24.1.6.2.3.1(1) renamed ABS 60 to IRS No. 60. Under IRM 4.24.1.6.2.3.1(2) renamed ABS 35 to IRS No. 35. Under IRM 4.24.1.6.2.3.1(3) renamed ABS 62 to IRS No. 62.
16	IRM 4.24.1.6.2.3.2, Leaking Underground Storage Tank (LUST) Taxes (ABS 105, ABS 107, ABS 111, and ABS 119)	Changed title to Diesel-Water Fuel Emulsion. Moved guidance addressing diesel-water fuel from IRM 4.24.1.6.2.3.1 to segregate it from the diesel fuel tax guidance. Moved prior guidance addressing LUST Taxes to IRM 4.24.1.6.2.3.3. Under IRM 4.24.1.6.2.3.2(1) renamed ABS 104 to IRS No. 104.
17	IRM 4.24.1.6.2.3.3, Kerosene, Including Kerosene Used in Aviation (ABS 35, ABS 69, ABS 77, and ABS 111)	Changed title to Leaking Underground Storage Tank (LUST) Taxes. Moved guidance for LUST taxes from IRM 4.24.1.6.2.3.2. Moved prior guidance for kerosene to IRM 4.24.1.6.2.3.1, as well as prior guidance for kerosene used in aviation to IRM 4.24.1.6.2.3.4. Under IRM 4.24.1.6.2.3.3(1) renamed ABS 105 to IRS No. 105, ABS 107 to IRS No. 107, ABS 111 to IRS No. 111, and ABS 119 to IRS No. 119.
18	IRM 4.24.1.6.2.3.4, Gasoline, Including Aviation Gasoline and Gasoline Blendstocks (ABS 62 and ABS 14)	Changed title to Kerosene Used in Aviation. Moved guidance for kerosene used in aviation from IRM 4.24.1.6.2.3.3. Incorporated guidance that kerosene is also subject to a surtax when it is used in a fractional ownership program aircraft. Moved prior guidance for gasoline to IRM 4.24.1.6.2.3.1 and that addressing aviation gasoline to IRM 4.24.1.6.2.3.5. Under IRM 4.24.1.6.2.3.4(1) renamed ABS 69 to IRS No. 69. Under IRM 4.24.1.6.2.3.4(2) renamed ABS 77 to IRS No. 77. Under IRM 4.24.1.6.2.3.4(3) renamed ABS 111 to IRS No. 111.
19	IRM 4.24.1.6.2.3.5, Any Liquid Fuel Used in a Fractional Ownership Program Aircraft (ABS 13)	Changed title to Aviation Gasoline. Moved guidance for aviation gasoline from IRM 4.24.1.6.2.3.4. Moved prior guidance addressing any liquid fuel used in a fractional ownership program aircraft to IRM 4.24.1.6.2.3.6. Under IRM 4.24.1.6.2.3.5(1) renamed ABS 14 to IRS No. 14.

Number	Subsection	Description of Change
20	IRM 4.24.1.6.2.3.6, Other Fuels - Including Alternative Fuels (ABS 112, ABS 118, ABS 120, ABS 121, ABS 122, ABS 123, ABS 124, and ABS 79)	Changed title to Any Liquid Fuel Used in a Fractional Ownership Program Aircraft. Moved guidance addressing any liquid fuel used in a fractional ownership program from IRM 4.24.1.6.2.3.5. Incorporated guidance addressing tax on fuel used in a fractional ownership program. Moved prior guidance addressing Other Fuels - Including Alternative Fuels to IRM 4.24.1.6.2.3.7. Under IRM 4.24.1.6.2.3.6(1) renamed ABS 13 to IRS No. 13.
21	New IRM 4.24.1.6.2.3.7	Added title Other Fuels - Including Alternative Fuels. Moved guidance from IRM 4.24.1.6.2.3.6. Under IRM 4.24.1.6.2.3.7(1) renamed ABS 112 to IRS No. 112, ABS 118 to IRS No. 118, ABS 120 to IRS No. 120, ABS 121 to IRS No. 121, ABS 122 to IRS No. 122, ABS No 123 to IRS No. 123, and ABS 124 to IRS No. 124. Under IRM 4.24.1.6.2.3.7(2) renamed ABS 79 to IRS No. 79.
22	IRM 4.24.1.6.2.4, Retail Tax on Heavy Trucks and Trailers	Under IRM 4.24.1.6.2.4(1) renamed ABS 33 to IRS No. 33.
23	IRM 4.24.1.6.2.5, Ship Passenger Tax	Under IRM 4.24.1.6.2.5(1) renamed ABS 29 to IRS No. 29.
24	IRM 4.24.1.6.2.6, Other Excise Tax	Under IRM 4.24.1.6.2.6(1) renamed ABS 31 to IRS No. 31.
25	IRM 4.24.1.6.2.7, Foreign Insurance Taxes	Incorporated guidance that provides examples of exemptions from tax. Under IRM 4.24.1.6.2.7(1) renamed ABS 30 to IRS No. 30.
26	IRM 4.24.1.6.2.8, Manufacturers Tax	Changed the title to Manufacturers Tax (Other than Fuel). Under IRM 4.24.1.6.2.8(2) renamed ABS 36, ABS 37, ABS 38, ABS 39, ABS 108, ABS 109, ABS 113, ABS 40, ABS 97, ABS 41, ABS 42, ABS 44, ABS 106, ABS 110, and ABS 114 to IRS Nos. 36, 37, 38, 39, 108, 109, 113, 40, 97, 41, 42, 44, 106, 110, and 114. Under IRM 4.24.1.6.2.8(3) renamed ABS 36 to IRS No. 36. Under IRM 4.24.1.6.2.8(5) renamed ABS 108, ABS 109, and ABS 113 to IRS Nos. 108, 109, and 113. Under IRM 4.24.1.6.2.8(7) renamed ABS 40 to IRS No. 40. Under IRM 4.24.1.6.2.8(9) renamed ABS 97 to IRS No. 97. Under IRM 4.24.1.6.2.8(11) renamed ABS 41, ABS 110, ABS 42, ABS 114, ABS 44, and ABS 106 to IRS Nos. 41, 110, 42, 114, 44, and 106.
27	IRM 4.24.1.6.2.9, Patient Centered Outcomes Research Fee	Under IRM 4.24.1.6.2.9(1) renamed ABS 133 to IRS No. 133.

Number	Subsection	Description of Change
28	IRM 4.24.1.6.2.10, Indoor Tanning Services	Under IRM 4.24.1.6.2.10(1) renamed ABS 140 to IRS No. 140.
29	IRM 4.24.1.6.2.11, Fuels Used in Commercial Transportation on Inland Waterways (ABS 064) and Leaking Underground Storage Tank Tax on Inland Waterways Fuel Use (ABS 125)	Changed title to Fuels Used in Commercial Transportation on Inland Waterways and Leaking Underground Storage Tank (LUST) Tax on Inland Waterways Fuel Use. Incorporated a note addressing requirement for reporting gallons of Bunker C residual fuel oil. Under IRM 4.24.1.6.2.11(1) renamed ABS 64 to IRS No. 64. Under IRM 4.24.1.6.2.11(2) renamed ABS 125 to IRS No. 125.
30	IRM 4.24.1.6.2.12, Credit Recapture Taxes Involving Fuels: Section 40 Fuels (ABS 51) and Biodiesel Sold as But Not Used as a Fuel (ABS 117)	Changed title to Credit Recapture Taxes Involving Fuels: Section 40 Fuels and Biodiesel Sold But Not Used as Fuel. Under IRM 4.24.1.6.2.12(1) renamed ABS 51 to IRS No. 51. Under IRM 4.24.1.6.2.12(2) renamed ABS 117 to IRS No. 117.
31	IRM 4.24.1.6.2.13, Floor Stocks Tax	Under IRM 4.24.1.6.2.13(1) renamed ABS 20 to IRS No. 20. Incorporated a reference to IRC 4681(h), which is the controlling authority.
32	IRM 4.24.1.7, Structured Settlement Factoring Transactions	Under IRM 4.24.1.7(1) renamed ABS 34 to IRS No. 34.
33	IRM 4.24.1.8, Excise Taxes Reported on Form 2290, Form 11-C and Form 730	Under IRM 4.24.1.8(1) renamed ABS 196 to IRS No. 196. Under IRM 4.24.1.8(2) renamed ABS 198 to IRS No. 198. Under IRM 4.24.1.8(3) renamed ABS 197 to IRS No. 197.
34	Exhibit 4.24.1-1, Acronyms	Incorporated and defined the following acronyms: ExSTARS, FCA, FCO, IMS, POA, RA, SAT, TBOR, and U.S. Removed the following acronyms: CCST and IGM.

(2) Editorial changes have been made throughout this IRM.

EFFECT ON OTHER DOCUMENTS

This material supersedes IRM 4.24.1, Introduction to Excise Taxes, dated August 16, 2022.

AUDIENCE

This section is for Excise Tax Program managers, revenue agents (RAs), fuel compliance agents (FCAs), and fuel compliance officers (FCOs) (RAs, FCAs, and FCOs are collectively and hereinafter referred to as **examiners** throughout this section), and personnel at the Campus Exam/Automated Under Reporter Cincinnati (CEAC) who examine and process Excise Tax Program returns and claims.

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Small Business/Self Employed

4.24.1

Introduction to Excise Taxes

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- 4.24.1-1 Acronyms

4.24.1.1
(03-17-2023)
Program Scope and Objectives

- (1) **General Overview** - This IRM provides general information about basic examiner responsibilities, excise Internal Revenue Code (IRC) sections, excise IRM sections, materials about excise tax abstracts, and Excise Tax Program returns and claims.
- (2) **Purpose** - This IRM explains basic examiner responsibilities so that managers, senior-level officials, and examiners who familiarize themselves with the information in this IRM will be better equipped to prepare and submit accurate excise tax reports (excise reports), which is essential for improving compliance.
- (3) **Audience** - This IRM is for Excise Tax Program managers, examiners, and personnel at CEAC who process excise returns and claims.
- (4) **Policy Owner** - Director, Examination - Specialty Policy, is responsible for the administration, procedures, and updates related to the technical guidance and information processing steps and methods specific to basic examiner responsibilities, excise IRC sections, excise IRM sections, excise tax abstracts, and Excise Tax Program returns and claims.
- (5) **Program Owner** - Director, Examination - Specialty Tax, owns Excise Tax Examination.
- (6) **Primary Stakeholders** - Independent Office of Appeals (Appeals), Counsel, Field and Specialty Exam Quality (FSEQ), Large Business and International (LB&I), and Excise Tax Examination are the primary stakeholders for this IRM.

4.24.1.1.1
(07-24-2018)
Background

- (1) For compliance purposes, it is essential that managers, senior management officials, examiners, and personnel at CEAC know and understand basic examiner responsibilities, controlling excise IRC sections, excise IRM sections, excise tax abstracts, and Excise Tax Program returns and claims, so that they will be better equipped to prepare and submit accurate excise reports.

4.24.1.1.2
(03-17-2023)
Authority

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

Form	Type of Excise Tax	IRC Sections	Trust Fund
720	Air Transportation of Persons and Property	4261 - 4263, 4271 - 4272, 4281 - 4282, 4291, 6672, 7501	Airport and Airway
720, 6627	Tax on Chemicals and Imported Chemical Substances	4661 - 4662, 4671 - 4672	Hazardous Substance Superfund
720	Coal	4121	Black Lung Disability
720	Communications	4251 - 4254, 4291, 4293, 6672, 7501	General Revenue
720	Foreign Insurance	4371 - 4374	General Revenue
720	Fuels (gasoline, diesel fuel, kerosene, other fuels)	4041, 4043, 4081 - 4083, 4103, 4105	Highway, Airport and Airways
720	Gas Guzzler	4064, 4221 - 4222	General Revenue

Form	Type of Excise Tax	IRC Sections	Trust Fund
2290	Heavy Highway Vehicle Use	4481 - 4483	Highway
720	Indoor Tanning	5000B	General Revenue
720	Inland Waterways	4042	Inland Waterways
720	Leaking Underground Storage Tank	4041, 4042, 4081	Leaking Underground Storage Tank
720	Obligations not in Registered Form	103, 149, 163, 4701	General Revenue
11-C	Occupational Tax and Registration Return for Wagering	4411 - 4413	General Revenue
720, 6627	Ozone Depleting Chemicals	4681 - 4682	General Revenue
720	Patient-Centered Outcomes Research Institute (fee)	4375 - 4377	Patient-Centered Outcomes Research
720, 6627	Tax on Petroleum	4611 - 4612	Oil Spill Liability; Hazardous Substance Superfund
720	Repurchase of Corporate Stock	4501	General Revenue
720	Retail Truck	4051 - 4053, 4221 - 4222	Highway
720	Ship Passenger	4471 - 4472	General Revenue
720	Sports Fishing/Bows and Arrow Shafts	4161 - 4162, 4221 - 4222	Sport Fishing Restoration and Boating, Wildlife Restoration
8876	Structured Settlement Factoring	5891	General Revenue
720	Tires	4071 - 4073, 4221 - 4222	Highway
720	Vaccines	4131 - 4132; 4221 - 4222	Vaccine Injury Compensation
730	Wagering	4401 - 4405, 4411 - 4413, 4421 - 4424	General Revenue

- (2) IRM 4.24, Excise Tax, provides Servicewide instructions for all operating divisions with employees involved with the correct filing, reporting, and payment of excise taxes, as well as case closings. IRM 4.24 serves as the foundation for consistent administration of excise taxes by various IRS operating divisions.

4.24.1.1.3
(03-17-2023)**Roles and Responsibilities**

- (1) Director, Examination - Specialty Policy, is the executive responsible for Excise Tax Examination policy and procedures.
- (2) Director, Examination - Specialty Tax, is the executive responsible for Excise Tax Examination operational compliance.
- (3) Chief, Estate & Gift Tax/Excise Tax Exam, is responsible for ensuring general information is communicated to and carried out by examiners for basic examiner responsibilities, excise IRC sections, excise IRM sections, materials about excise tax abstracts, and Excise Tax Program returns and claims.
- (4) The examiner is responsible for dealing directly with external customers (i.e., taxpayers and/or authorized representatives) and internal customers (i.e., employees from other Business Operating Divisions). The examiner must provide quality service and apply the law with integrity and fairness to all customers, as well as effectively communicate with the taxpayer and minimize taxpayer burden. The examiner should assist taxpayers in solving tax problem(s) identified, including referring taxpayers to the IRS function that can assist most appropriately in resolving the issue(s).
 - a. Refer to IRM 4.10.1.3, Communication, for information about the responsibilities examiners should understand and apply in the performance of their duties.
 - b. Refer to IRM 4.24.25.5.3.2, Processing of Power of Attorney, to review IDRS command code CFINK to determine if a power of attorney (POA) exists for the taxpayer when Form 2848, Power of Attorney and Declaration of Representative, is on file.
 - c. Refer to IRM 4.24.25.5.3.2.2, Form 8821, Tax Information Authorization, for information about protocols to observe when a valid Form 8821 is on file.
 - d. Refer to IRM 4.24.20.4.4.1, Excise Tax Enclosures with Correspondence to Representatives and Appointees, for guidance that describes examiner expectations when corresponding with authorized third parties.
 - e. Refer to IRM 4.24.25.5.13, D400 - Initial Taxpayer Contact Check Sheet, to document actions the examiner must consider when making initial contact.
 - f. Refer to IRM 13.1.7.2, Introduction to TAS Case Criteria, for information about referrals to Taxpayer Advocate Service (TAS) when outlined criteria are satisfied.

4.24.1.1.4
(03-17-2023)**Program Objectives and Review**

- (1) **Program Goals** - The information explained in this IRM provides a general framework describing basic examiner responsibilities, excise IRC sections, excise IRM sections, excise tax abstracts, and Excise Tax Program returns and claims. The proper application of this information will equip Excise Tax Program managers, examiners, and personnel at CEAC who process excise returns and claims, to prepare and submit accurate excise reports, thereby increasing compliance.
- (2) **Program Reports** - Information reporting of program objectives is included on Program Manager Monthly Briefings provided to Director, Examination - Specialty Policy. These reports provide reliable and timely information. Periodic program reviews are conducted to:
 - Determine if procedures are being followed.
 - Validate the policies and procedures.

- Identify and share best practices.

Note: The quarterly Business Performance Review Reports provide updates on the status of the Whistleblower claims in Operating Division Subject Matter Expert status.

- (3) **Program Effectiveness** - Program effectiveness is measured by the Exam Quality Review Staff, located in FSEQ. FSEQ supports the SB/SE Quality Improvement Program utilizing National Quality Review System to conduct independent case reviews from statistically valid samples of examination case work. National, area, and territory trend analysis on the quality attributes are used to establish baselines to assess program performance, identify opportunities to improve work processes, analyze causes for failure, assess the feasibility of possible solutions, and measure the success of quality improvement efforts.
- (4) **Annual Review** - The Program Manager, Excise Tax Policy, is responsible for ensuring applicable subsections of IRM 4.24 are current, comprehensive, accurate, and the guidance provided promotes consistent tax administration.

4.24.1.1.5
(03-17-2023)
Acronyms

- (1) Refer to Exhibit 4.24.1-1 for acronyms and their definitions used throughout this IRM.

4.24.1.1.6
(03-17-2023)
Related Resources

- (1) The Excise Tax Program is required to follow all relevant Servicewide examination procedures and those set forth in the SB/SE examining process IRM. Guidance relating to examining and processing Excise Tax Program returns and claims can be found in:
 - a. IRM 4.24.2, Form 637 Excise Tax Registrations, which provides an overview of Form 637.
 - b. IRM 4.24.5, Large Business and International (LB&I) Examination Program Procedures for Excise Employees, which provides technical guidance and information processing steps necessary to prepare accurate excise tax examinations with LB&I issues.
 - c. IRM 4.24.6, Technical Guidance and Information Processing for Excise Tax Examination Issues, which provides technical guidance and information processing steps necessary to prepare accurate Excise Tax Examination reports.
 - d. IRM 4.24.8, Examination Guidance for Excise Claims for Refund or Abatement, which provides general guidelines and report writing procedures for Excise Tax Program managers, examiners, and personnel at the Cincinnati and Ogden campuses who process claims for refund or credit.
 - e. IRM 4.24.9, Excise Tax Penalties Guidance, which provides technical guidance about penalties pertaining to Excise Tax Program returns and claims, and other excise compliance activities.
 - f. IRM 4.24.10, Appeals Referral Procedures, which provides specific information for Excise Tax Program managers and examiners who refer excise cases to Appeals. A taxpayer has the right to appeal an IRS decision in an independent forum that allows for a fair and impartial administrative appeal.
 - g. IRM 4.24.13, Overview of Excise Fuel Compliance Program, which contains general information, as well as specific procedures pertaining to an overview of fuel tax inspection, work planning, Issue Management

System (IMS), time reporting, taxpayer outreach and education, referrals, Fed/State agreements, third party contacts, fraud referrals, and bribery awareness.

- h. IRM 4.24.14, Excise Fuel Compliance Safety, Uniform, and Motor Vehicle Requirements, which provides directives, authorities, and responsibilities for the Fuel Compliance Program to promote a proactive safety and health culture that supports the IRS mission, ensures that Excise Tax Program FCOs, FCAs, and managers comply with federal, state, and local regulations, as well as, IRS safety and health rules, policies, and laws, which prevent injuries, illnesses, and accidents involving FCOs, FCAs, and operate government leased motor vehicle for official government business per the regulations.
- i. IRM 4.24.15, Excise Fuel Compliance Inspection, Sampling, and Shipping, which contains procedures for all inspection types identified in IRM 4.24.15.2, Overview of Fuel Tax Inspection. Additionally, it is imperative for the safety of the employees that they follow proper sampling and shipping procedures, which is addressed in this section.
- j. IRM 4.24.16, Excise Fuel Compliance Report Writing, Case Processing, and Appeals Procedures, which contains procedural guidance pertaining to report writing, case processing, and Appeals case routing procedures.
- k. IRM 4.24.17, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures, which contains detailed procedural guidance for ExSTARS reporting compliance.
- l. IRM 4.24.18, Excise Case Selection (ECS), which provides guidance for the ECS function in identifying, classifying, and delivering inventory for compliance action.
- m. IRM 4.24.20, Excise Tax Report Writing Guide, which provides guidance emphasizing that Excise Tax Program managers and examiners must take all necessary steps to ensure examination report accuracy.
- n. IRM 4.24.21, Case Closings, which provides guidance emphasizing that it is essential Excise Tax Program managers, senior-level officials, and examiners understand and correctly follow the technical guidance and closing processes explained in this IRM section.
- o. IRM 4.24.22, Campus Procedures for Excise Taxes, which provides guidance to the Cincinnati Centralized Specialty Tax operation for addressing/resolving taxpayer correspondence, telephone inquiries, and Taxpayer Assistance Center's issues relating to excise tax issues.
- p. IRM 4.24.23, Operational Procedures and Responsibilities for Form 637 Excise Tax Registrations and Secure Airport Terminals (SATs), which explains the operational roles, responsibilities, and procedures relating to Form 637, as well as procedures pertaining to a SAT Designation.
- q. IRM 4.24.24, Form 637 Registration Files: Administrative Procedures for Initial Applications and Case Reviews, which describes the administrative procedures for the Form 637 Registration Group on Form 637 initial applications and case reviews, that include creating, maintaining, and monitoring Form 637 Registration files, the Issue Management System (IMS) process, workflow, and monitoring registrants using the Form 637 Indicator on Business Master File in IDRS.
- r. IRM 4.24.25, Issue Management System (IMS), Notebook, and Workpapers, which explains the procedures related to the mandatory use of IMS and Notebook, as well as provides guidance for the preparation of workpapers specific to Excise Tax Program returns and claims.

- (2) The Taxpayer Advocate Service (TAS) may be of assistance to taxpayers experiencing economic harm, who are seeking help in resolving tax problems

that have not been resolved through normal procedures or who believe that an IRS system or procedure is not working as designed. Publication 1546, The Taxpayer Advocate Service is Your Voice at the IRS, provides contact and additional information. The program is designed to alleviate taxpayer hardships that arise from systemic problems or the application of the IRC. For more detailed guidance, refer to the *Taxpayer Advocate - Contact Us*.

- (3) The Taxpayer Bill of Rights (TBOR) lists rights that already existed 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 accordance with taxpayer rights. For additional information, refer to IRC 7803(a)(3) or to the *Taxpayer Bill of Rights*.
- (4) Procedures, laws, and regulations on a wide variety of excise-related examination issues are addressed on the *Excise Tax Knowledge Base Homepage*.

4.24.1.2
(07-24-2018)

Excise Tax Examination Considerations

- (1) To deliver top quality customer service, the examiner should fully consider the examination scope, proper use of time, and case file documentation.

4.24.1.2.1
(03-17-2023)

Examination Scope

- (1) Generally, the scope is indicated on the classification check sheet. The classification sheet is issued to the examiner in IMS. An electronic file copy is maintained by Excise Case Selection - Workload Selection and Delivery.
- (2) The scope of an excise examination should include other significant issues identified during the excise examination in addition to the original issue identified on the classification check sheet. For example, while initially conducting a claim examination, the examiner should consider the taxpayer's entire business activity, as well as other potential excise tax liabilities to determine if the examination should be expanded beyond the claim. Normally, the significant issue addressed on the classification check sheet should be addressed during the excise examination and documented in the workpapers.
- (3) The examiner must consult with the manager before expanding the scope of an excise examination to additional periods or related entities. Document the substance of the conversation on Form 9984, Examining Officer's Activity Record.
- (4) The examiner must continually assess the facts and apply judgment to expand or contract the scope of the excise examination as needed. Decisions must be documented on Form 9984.
- (5) The examiner must exercise judgment in determining the depth of the excise examination to help with estimating the time needed to complete it. The examiner should consider **all** the following:
 - a. Availability of evidence
 - b. Complexity of the issue
 - c. Materiality of the issue
 - d. Accuracy of books and records
 - e. Strength of internal controls
 - f. Applicability/appropriateness of Form 637 registrations

4.24.1.2.2
(07-24-2018)
Proper Use of Time

- (1) The proper use of time is an essential element of a quality examination or compliance review. Examiners are responsible for the day-to-day management of cases assigned. They are accountable for completing work efficiently, as well as performing quality examinations or compliance reviews. Both the number of hours charged to a case and the span of time a case is open must be reasonable.
- (2) Factors used to determine the reasonableness of time charged and the length of time a case is open can include but are not limited to the following:
 - a. Issue complexity and development
 - b. Condition of books and records
 - c. Taxpayer/representative cooperation
- (3) Timely actions by the examiner serve to reduce taxpayer burden.
- (4) In-process cases are generally considered overage when they have been in status "12" (started) for 270 calendar days or more.

4.24.1.2.3
(07-24-2018)
Case File Documentation

- (1) It is mandatory that the examiner, manager, and any other employee involved in the excise examination process, document all actions taken in the case file. These actions must be recorded on Form 9984 in IMS.
- (2) The following information must be recorded on Form 9984:
 - a. Date of activity
 - b. Location of activity
 - c. Contact code
 - d. Remarks/notes/actions taken
 - e. Time charged for each activity
 - f. Periods of inactivity, such as extended leave, training, and work details

4.24.1.3
(03-17-2023)
Excise Taxes - General Information

- (1) Excise taxes are levied on a wide variety of goods, services, and activities. The tax may be imposed at the time of sale by the manufacturer, sale by the retailer, or use (by the consumer). Many excise taxes are set aside into trust funds earmarked for related capital projects, such as highway and airport improvements. Excise taxes are independent of income taxes.

Note: Refer to IRM 4.24.1.1.2(1), for the most significant statutes affecting excise taxes that identify the type of excise tax, the controlling IRC authority, and general revenue or the applicable trust funds associated with specific excise taxes.

4.24.1.4
(03-17-2023)
Excise Tax Program Returns

- (1) Excise Tax Program returns are filed and processed at the Ogden Service Center or CEAC using the forms listed below:
 - Form 720, Quarterly Federal Excise Tax Return
 - Form 720X, Amended Quarterly Federal Excise Tax Return

Note: Refer to IRM 4.24.8, Examination Guidance for Excise Claims for Refund or Abatement, for more detailed guidance.

 - Original and amended Form 720-TO, Terminal Operator Report, that are paper filings (this is an information return)

Note: Refer to IRM 4.24.17, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures, for more detailed guidance.

- Original and amended Form 720-CS, Carrier Summary Report, that are paper filings (this is an information return)

Note: Refer to IRM 4.24.17 for more detailed guidance.

- Original and amended Form 730, Monthly Tax Return for Wagers
- Form 11-C, Occupational Tax and Registration Return for Wagering
- Original and amended Form 2290, Heavy Highway Vehicle Use Tax Return
- Form 8876, Excise Tax on Structured Settlement Factoring Transactions

Note: Refer to IRM 4.24.6.2.7, Excise Examinations Relating to Structured Settlement Factoring Transactions, for more detailed guidance.

- Form 6197, Gas Guzzler Tax
- Form 6627, Environmental Taxes

4.24.1.5 (03-17-2023)

Excise Tax Program Claims

- (1) Excise Tax Program claims are filed and processed at the Ogden Service Center or CEAC using the forms listed below:

- Form 720, Schedule C, Quarterly Federal Excise Tax Return, Claims
- Form 720X, Amended Quarterly Federal Excise Tax Return

Note: Refer to IRM 4.24.8, Examination Guidance for Excise Claims for Refund or Abatement, for more detailed guidance.

- Form 8849, Claim for Refund of Excise Taxes (consisting of six schedules)

Note: Refer to IRM 4.24.8 for more detailed guidance.

- Form 843, Claim for Refund and Request for Abatement, for all dyed diesel fuel penalty claims

Note: These claims are processed by Cincinnati Compliance Service Center and forwarded to the appropriate excise territory manager. Refer to IRM 4.24.16.4, Claim for Refund of Fuel Compliance Penalties, for more detailed guidance.

Note: Refer to IRM 4.24.16.4, Claim for Refund of Fuel Compliance Penalties, for more detailed guidance.

- (2) The following forms are attached to an income tax return and processed at the Submission Processing Center where the income tax return is filed:

- Form 4136, Credit for Federal Tax Paid on Fuels
- Form 8864, Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit
- Form 6478, Biofuel Producer Credit

4.24.1.6

(03-17-2023)

Excise Taxes Reported on Form 720

- (1) Form 720 is comprised of various sections. They are as follows:
- Part 1 consisting of excise taxes generally required to be deposited. Refer to IRM 20.1.4.10, Form 720 Reporting Requirements, for more detailed guidance.
 - Part 2 consisting of excise taxes not required to be deposited.
 - Part 3 consisting of the lines for total tax, determining the balance due, or overpayment.
 - Schedule A, Excise Tax Liability, which records the net tax liability for each semimonthly period in a quarter. Schedule A must be completed if there is an entry in Part 1.
 - Schedule T, Two-Party Exchange Information Reporting, which reports gallons of taxable fuel received in a two-party exchange within a terminal. These gallons must also be included on the appropriate line on page 1 of Form 720 or delivered in a two-party exchange contemporaneously with a removal across the rack. Enter all gallons of fuel received or delivered in a two-party exchange within a terminal for the applicable fuel.
 - Schedule C, Claims, Schedule C is only completed if a liability is reported in Part 1 or Part 2.
 - Form 720-V, Payment Voucher, which is only completed if payment is made by check or money order.
- (2) Refer to IRM 20.1.4.10, Form 720 Reporting Requirement, for more detailed guidance.
- (3) Refer to IRM 4.24.1.1.2 for a list of taxes, including associated IRC sections and trust funds.
- (4) Refer to IRM 4.24.17, Excise Summary Terminal Activity Reporting System (ExSTARS) Compliance Examination Procedures, for more detailed guidance relating to Form 720-TO and Form 720-CS.

4.24.1.6.1

(03-17-2023)

Electronic Federal Tax Payment System

- (1) Excise taxpayers make payment for excise tax as follows:
- Remit excise taxes with the Form 720. Refer to IRM 20.1.4.10.5, De Minimis Exception to Deposit Requirements Form 720, for more detailed guidance.
 - Electronically deposit excise taxes using the Electronic Federal Tax Payment System (EFTPS). Refer to IRM 21.7.1.4.8.1, Electronic Federal Tax Payment System (EFTPS), for more detailed guidance.
- Note:** For additional information about EFTPS, refer to the *Electronic Federal Tax Payment System* website.

4.24.1.6.2

(05-15-2017)

Excise Taxes Reported on Form 720

- (1) Excise taxes are distinguished in the IRS system by abstracts and are referred to as an "IRS No." on Form 720 to identify the type of excise tax.
- (2) There are two major groups of excise taxes. They are:
- Fuel related; and
 - Non-fuel related.

4.24.1.6.2.1
(03-17-2023)

Environmental Taxes

- (1) Tax is imposed on crude oil when it is received at a United States (U.S.) refinery and on domestic crude oil when it is used in or exported from the U.S. (IRS Nos. 53 and 18).

Note: The term “crude oil” includes crude oil condensates and natural gasoline. Natural gasoline is commonly used as a denaturant in the ethanol production process. If a prior imposition of the oil spill tax cannot be established, then the oil spill tax is imposed on natural gasoline when used as a denaturant in the ethanol production process. Refer to IRC 4611(b), for more detailed guidance.

- (2) Tax is imposed on imported petroleum products when they are entered into the U.S. for consumption, use, or warehousing (IRS Nos. 16 and 21).

Note: The term “petroleum product” includes crude oil.

- (3) The tax on petroleum is the sum of the financing rates for the Oil Spill Liability Trust Fund and the Hazardous Substance Superfund.
- (4) For more detailed guidance about the tax on petroleum, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Tax on Petroleum Chapter*.
- (5) The Superfund tax on chemicals (IRS No. 54) is imposed on taxable chemicals listed under IRC 4661(b). The tax is also imposed if the taxable chemical is used by the manufacturer or importer before the first sale.
- (6) The Superfund tax on imported chemical substances (IRS No. 17) is imposed on taxable substances sold or used by the importer. The term “taxable substance” is defined under IRC 4672(a)(2).
- (7) Ozone Depleting Chemicals (ODCs) tax (IRS No. 98) is imposed on an ODC sold, or used by the manufacturer, producer, or importer thereof. ODCs are certain chemicals listed in IRC 4682(a)(2).
- (8) The tax on ODCs (IRS No. 19) is imposed on an imported product containing or manufactured with ODCs, if it is entered into the U.S. for consumption, use, or warehousing and is listed in *Treas. Reg. 52.4682-3(f)(6)*.
- (9) For more detailed guidance about ODC taxes, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Ozone Depleting Chemicals Chapter*.

4.24.1.6.2.2
(03-17-2023)

Communications and Air Transportation Taxes

- (1) Tax is imposed on amounts paid for “communication services” (IRS No. 22), which are defined as local telephone and teletypewriter exchange services.
- (2) The communications tax is paid by the person paying for the service, who is ordinarily the subscriber or other telephone consumer. The tax must be paid to the telecommunications carrier rendering the service and who is the party responsible for collecting the tax and paying it over to the government.
- (3) For more detailed guidance about communications tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Communications Chapter*.
- (4) Tax is imposed on certain amounts paid for the:

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

Note: Refer to IRC 4261, for more detailed guidance.

- Transportation of property by air (IRS No. 28)

Note: Refer to IRC 4271, for more detailed guidance.

- (5) Generally, the air transportation taxes are paid by the person paying for the transportation and is collected and paid over to the government by the entity receiving the payment.
- (6) For more detailed guidance about air transportation tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Air Transportation Chapter*.
- (7) Fractional ownership program flights are not taxable under IRC 4261 or IRC 4271. Instead, the fuel consumed in the flight is subject to a 14.1 cents per gallon surtax in addition to the noncommercial aviation fuel tax rate. Refer to IRM 4.24.1.6.2.3.6(2), for more detailed guidance.

4.24.1.6.2.3
(08-16-2022)
Fuel Taxes

- (1) The fuel related tax abstracts are briefly discussed below.

4.24.1.6.2.3.1
(03-17-2023)
**Diesel Fuel, Kerosene,
and Gasoline**

- (1) Diesel fuel tax is imposed on:
 - Removal at the terminal rack (IRS No. 60(a));
 - Taxable events other than removal at the terminal rack (IRS No. 60(b)); or
 - Sale or removal of biodiesel mixture (not at the terminal rack) (IRS No. 60(c)).
- (2) Kerosene tax is imposed on:
 - Removal at the terminal rack (not located at an airport) (IRS No. 35(a)); or
 - Taxable events other than removal at the terminal rack (IRS No. 35(b)).
- (3) Gasoline tax is imposed on:
 - Removal at the terminal rack (IRS No. 62(a)); or
 - Taxable events other than removal at the terminal rack (IRS No. 62(b)).
- (4) Examples of “taxable events other than removal at the terminal rack” include:
 - Removal from any refinery
 - Entry into the United States for consumption, use, or warehousing
 - Sale to any person that is not registered under IRC 4101 unless there was a prior taxable removal or entry of the fuel
 - Removal or sale of blended taxable fuel

Note: This list does not include all “taxable events other than removal at the terminal rack.”

- (5) For more detailed guidance about diesel fuel, kerosene, and gasoline tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Kerosene, Diesel Fuel, and Gasoline Chapter*.

4.24.1.6.2.3.2
(03-17-2023)

Diesel-Water Fuel Emulsion

- (1) Tax is imposed on a diesel-water fuel emulsion removal at the terminal rack or other taxable event (IRS No. 104).
- (2) For more detailed guidance about diesel-water fuel emulsion tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Diesel Water Emulsion Chapter*.

4.24.1.6.2.3.3
(03-17-2023)

Leaking Underground Storage Tank (LUST) Taxes

- (1) LUST taxes are generally imposed upon removals, entries, and sales of gasoline, diesel fuel, and kerosene described as exempt transactions as follows:
- a. Dyed diesel, LUST tax (IRS No. 105)
 - b. Dyed kerosene, LUST tax (IRS No. 107)
 - c. Kerosene for use in aviation, LUST tax on nontaxable uses (IRS No. 111)
 - d. LUST tax, other exempt removals, gasoline blendstocks, kerosene used for a feedstock purpose, and diesel or kerosene sold or used in Alaska (IRS No. 119)

Note: LUST tax is also imposed on any liquid fuel used on inland or inter-coastal waterways that is not subject to tax under IRC 4041(d) or IRC 4081. Refer to IRM 4.24.1.6.2.11, Fuels Used in Commercial Transportation on Inland Waterways and Leaking Underground Storage Tank Tax on Inland Waterways Fuel Use, for more detailed guidance.

- (2) For more detailed guidance about LUST tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *LUST Tax Chapter*.

4.24.1.6.2.3.4
(03-17-2023)

Kerosene Used in Aviation

- (1) Tax is imposed on kerosene removal directly from a refinery or terminal into the fuel tank of an aircraft for use in aviation (IRS No. 69).
- (2) Tax is imposed on kerosene removal directly from a refinery or terminal into the fuel tank of an aircraft for use in commercial aviation (other than foreign trade) if the aircraft operator is a registered commercial aviation provider and provides the position holder with a certificate similar to Model Certificate K in the appendix for Publication 510, Excise Taxes. For kerosene removed into an aircraft from qualifying refuelers, this rate only applies if the qualified refueler trucks, tankers, and tank wagons, treated as terminals are loaded at a SAT (IRS No. 77).

Note: Reportable only by a registered commercial aviation provider (Form 637 Y registrant).

- (3) LUST tax is imposed on kerosene removal directly from a refinery or terminal into the fuel tank of an aircraft for nontaxable uses (IRS No. 111). Refer to IRM 4.24.1.6.2.3.3, Leaking Underground Storage Tank Taxes (LUST), for additional guidance.

- (4) Kerosene is also subject to a surtax when it is used in a fractional ownership program aircraft. Refer to IRM 4.24.1.6.2.3.6, Any Liquid Fuel Used in a Fractional Ownership Program Aircraft, for more detailed guidance.
- (5) For more detailed guidance about aviation kerosene tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Aviation Fuels Chapter*.

4.24.1.6.2.3.5
(03-17-2023)
Aviation Gasoline

- (1) Tax is imposed on aviation gasoline removal from a refinery or terminal, or upon entry into the United States (IRS No. 14).

Note: Aviation gasoline is also subject to a surtax when it is used in a fractional ownership program aircraft (IRS No. 13). Refer to IRM 4.24.1.6.2.3.6, Any Liquid Fuel Used in a Fractional Ownership Program Aircraft, for more detailed guidance.

- (2) For more detailed guidance about aviation gasoline tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Aviation Fuels Chapter*.

4.24.1.6.2.3.6
(03-17-2023)
Any Liquid Fuel Used in a Fractional Ownership Program Aircraft

- (1) A surtax is imposed on liquid fuel used in a fractional ownership program aircraft (IRS No. 13). The surtax applies in addition to any other taxes imposed on the removal, entry, use, or sale of the fuel.

- For the transportation of a qualified fractional owner with respect to the fractional ownership aircraft program of which such aircraft is a part; or,
- With respect to the use of such aircraft on account of such a qualified fractional owner, including use in a deadhead service.

Note: Refer to IRC 4043, for more detailed guidance.

- (2) For more detailed guidance about tax on fuel used in a fractional ownership program, refer to IRM 4.24.1.6.2.2(7) and the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Aviation Fuels Chapter*.

4.24.1.6.2.3.7
(03-17-2023)
Other Fuels - Including Alternative Fuels

- (1) Tax is imposed on any liquid (other than gas oil, fuel oil, or any product taxable under IRC 4081) when it is delivered into the fuel supply tank of a motor vehicle or motorboat, or on certain bulk sales. This includes the following alternative fuels:
 - a. Liquefied petroleum gas (LPG) (IRS No. 112)
 - b. "P Series" fuels (IRS No. 118)
 - c. Compressed natural gas (CNG) (IRS No. 120)
 - d. Liquefied hydrogen (IRS No. 121)
 - e. Fischer-Tropsch process liquid fuel from coal (including peat) (IRS No. 122)
 - f. Liquid fuel derived from biomass (IRS No. 123)
 - g. Liquefied natural gas (LNG) (IRS No. 124)
- (2) Tax is imposed on ethanol produced from coal, methanol produced from coal, ethanol produced from natural gas, methanol produced from natural gas, biodiesel blends containing less than 4% paraffins (e.g., B100, B99, B80, etc.),

liquefied gas derived from biomass, and other fuels when they are delivered into the fuel supply tank of a motor vehicle or motorboat (IRS No. 79).

- (3) For more detailed guidance about alternative fuel and other fuels tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Alternative Fuels and Other Fuels Chapter*.

4.24.1.6.2.4 (03-17-2023)

Retail Tax on Heavy Trucks and Trailers

- (1) Tax is imposed on the first retail sale of the following articles listed below (IRS No. 33), including in each case parts and accessories sold on or in connection with, or with the sale of, the articles:
 - a. Truck chassis and bodies, except truck chassis and bodies suitable for use with a vehicle with a gross vehicle weight (GVW) of 33,000 pounds or less.
 - b. Trailer and semitrailer chassis and bodies, except trailer and semitrailer chassis and bodies suitable for use with a vehicle with a GVW of 26,000 pounds or less.
 - c. Tractors of the kind used chiefly for highway transportation in combination with a trailer or semitrailer, except tractors that have a GVW of 19,500 pounds or less and a gross combined weight of 33,000 pounds or less.
- (2) For more detailed guidance about retail tax on heavy vehicles, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Retail (Truck and Trailer) Chapter*.

4.24.1.6.2.5 (03-17-2023)

Ship Passenger Tax

- (1) Tax is imposed on commercial ship operators providing certain trips on vessels with accommodations for at least 17 passengers (IRS No. 29). The tax is based on the number of passengers transported during a quarter. Tax also applies to passengers on any commercial ship that transports passengers engaged in onboard gambling while the ship is outside U.S. territorial waters.
- (2) For more detailed guidance about ship passenger tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Ship Passenger Chapter*.

4.24.1.6.2.6 (03-17-2023)

Other Excise Tax

- (1) Tax is imposed on any person who issues certain registration-required obligations not in registered form (IRS No. 31).
- (2) For more detailed guidance about obligations not in registered form, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Obligations Not in Registered Form Chapter*.

4.24.1.6.2.7 (03-17-2023)

Foreign Insurance Taxes

- (1) Generally, tax is imposed under IRC 4371 on any premiums paid to insure a U.S. risk to a foreign insurer or reinsurer unless an exemption applies, such as a tax treaty, an election under IRC 953(d) , or other exemption (IRS No. 30).
- (2) For more detailed guidance about foreign insurance taxes, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Foreign Insurance Chapter*.

4.24.1.6.2.8
(03-17-2023)
**Manufacturers Tax
(Other than Fuel)**

- (1) Taxes are imposed on manufacturers, producers, or importers of certain items known as “taxable articles.” Generally, tax attaches upon the sale of the taxable article and is based on the sales price of the item.
- (2) The following manufacturers taxes are discussed below in the following order:
 - Coal excise tax (IRS Nos. 36, 37, 38, and 39)
Note: For more detailed guidance, refer to IRC 4121.
 - Tire tax (IRS Nos. 108, 109, and 113)
Note: For more detailed guidance, refer to IRC 4071.
 - Gas guzzler tax (IRS No. 40)
Note: For more detailed guidance, refer to IRC 4064.
 - Vaccine tax (IRS No. 97)
Note: For more detailed guidance, refer to IRC 4131.
 - Sport fishing and archery equipment tax (IRS Nos. 41, 42, 44, 106, 110, and 114)
Note: For more detailed guidance, refer to IRC 4161.
- (3) The coal tax is imposed on the sale of both underground-mined (IRS Nos. 36 and 37) and surfaced-mined (IRS Nos. 38 and 39) coal. The tax is imposed on the producer of the coal.
- (4) For more detailed guidance about coal taxes, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Coal Chapter*.
- (5) Generally, tax is imposed on the sale by the manufacturer, producer, or importer of tires of the type used on highway vehicles (IRS Nos. 108, 109, and 113), if wholly or in part made of rubber and, if marked pursuant to federal regulations for highway use. The tax rate is based on the load capacity of the tire.
- (6) For more detailed guidance about tire tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Tires Chapter*.
- (7) The gas guzzler tax is imposed on the sale, use, or lease by the manufacturer, producer, or importer of an automobile of a model type that does not meet certain standards for fuel economy (IRS No. 40). Automobiles imported for business or personal use are subject to the tax.
- (8) For more detailed guidance about gas guzzler tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Gas Guzzler Chapter*.
- (9) The vaccine tax is imposed on the sale and on certain uses treated as sales by the manufacturer, producer, or importer of each dose of a taxable vaccine listed in 4132(a)(1) (IRS No. 97).
- (10) For more detailed guidance about vaccine tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Vaccines Chapter*.

- (11) The sport fishing and archery equipment tax is imposed on the sale by the manufacturer, producer, or importer of:
 - a. Sport fishing equipment (IRS No. 41)
 - b. Fishing rods and fishing poles (IRS No. 110)
 - c. Electric outboard motors (IRS No. 42)
 - d. Fishing tackle boxes (IRS No. 114)
 - e. Bows, quivers, broadheads, and points (IRS No. 44)
 - f. Arrow shafts (IRS No. 106)
- (12) For more detailed guidance about sport fishing tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Sport Fishing Chapter*.
- (13) For more detailed guidance about archery tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Archery Chapter*.

4.24.1.6.2.9
(03-17-2023)

**Patient Centered
Outcomes Research Fee**

- (1) A fee is imposed on the issuer of specified health insurance policies and the sponsors of an applicable self-insured health plan (IRS No. 133).
- (2) For more detailed guidance about Patient Centered Outcomes Research Fee, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Patient Centered Outcomes Research Fee Chapter*.

4.24.1.6.2.10
(03-17-2023)

Indoor Tanning Services

- (1) The tax on indoor tanning services is 10% of the amount paid for the services (IRS No. 140). The tax is paid by the person paying for the services and is collected by the person receiving payment for the indoor tanning services.
- (2) The Patient Protection and Affordable Care Act of 2010 established IRC 5000B, which is related to this tax.
- (3) For more detailed guidance about indoor tanning tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Indoor Tanning Services Chapter*.

4.24.1.6.2.11
(03-17-2023)

**Fuels Used in
Commercial
Transportation on Inland
Waterways and Leaking
Underground Storage
Tank (LUST) Tax on
Inland Waterways Fuel
Use**

- (1) Tax is imposed on any liquid fuel used in the propulsion engine of commercial transportation vessels while traveling on certain inland and intercoastal waterways (IRS No. 64).
- (2) LUST tax is imposed on any liquid fuel used on inland or intercoastal waterways that is not subject to tax under IRC 4041(d) or IRC 4081(IRS No. 125).

Note: Gallons of Bunker C residual fuel oil must be reported under both IRS No. 64 and IRS No. 125. Refer to IRM 4.24.1.6.2.3.3, Leaking Underground Storage Tank Taxes, for more detailed guidance.
- (3) For more detailed guidance about inland waterways tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuel Book at the *Inland Waterways Chapter*.

4.24.1.6.2.12
(03-17-2023)

**Credit Recapture Taxes
Involving Fuels: Section
40 Fuels and Biodiesel
Sold as but Not Used as
a Fuel**

- (1) Tax is imposed (recaptured) on Section 40 fuels (IRS No. 51) if the second generation biofuel producer credit was claimed, and any person does not use the fuel for one of the following purposes:
 - 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).
 - Sold for use by the purchaser as a fuel in a trade or business.
 - 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.
 - 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) Tax is imposed (recaptured) on biodiesel or renewable diesel (IRS No. 117) if a credit or refund was claimed and any person that meets one of more of the following criteria:
 - a. Uses the mixture or straight biodiesel or renewable diesel for a purpose other than as a fuel.
 - b. Separates the biodiesel or renewable diesel from the mixture.
 - c. Mixes the straight biodiesel or renewable diesel.
 - d. Uses the agri-biodiesel on which the small agri-biodiesel producer credit was claimed for a use not described under "Qualified Agri-Biodiesel Production" in the instructions for Form 8864, Biodiesel and Renewable Diesel Fuels Credit.
- (3) For more detailed guidance about tax on Section 40 fuels and biodiesel not used as fuel, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, Fuels Book at the *Section 40 Fuels and Biodiesel Not Used as Fuel Chapter*.

4.24.1.6.2.13
(03-17-2023)

Floor Stocks Tax

- (1) A floor stocks tax (IRS No. 20) is imposed on ODCs held on January 1 by any person (other than the manufacturer or importer of the ODCs) for sale or for use in further manufacturing. For more detailed guidance, refer to IRC 4681(h).

4.24.1.7
(03-17-2023)

**Structured Settlement
Factoring Transactions**

- (1) A structured settlement factoring transaction is a transfer of structured settlement payment rights (including portions of structured settlement payments) made for consideration by means of sale, assignment, pledge, or other form of encumbrance or alienation for consideration. An excise tax is imposed on the factoring discount of certain structured settlement payments (IRS No. 34) and reported on Form 8876, Excise Tax on Structured Settlement Factoring Transactions.
- (2) Refer to IRM 4.24.6.2.7, Excise Examinations Relating to Structured Settlement Factoring Transactions, for more detailed guidance.
- (3) For more detailed guidance about structured settlement factoring transactions, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Structured Settlements Chapter*.

4.24.1.8
(03-17-2023)

**Excise Taxes Reported
on Form 2290, Form
11-C and Form 730**

- (1) Form 2290 reports tax on the use of heavy highway motor vehicles with a taxable gross weight of 55,000 pounds or more on public highways (IRS Nos. 196).
 - a. Generally, the person liable for the tax is the person in whose name the vehicle is registered or required to be registered at the time of its first use on the public highway during the taxable period.
 - b. Refer to IRM 4.24.22.4.2, Form 2290, Heavy Highway Vehicle Use Tax Return, for more detailed guidance.
 - c. For more detailed guidance about heavy highway vehicle use tax, refer to the Excise Tax Knowledge Base Homepage, Abstract Information Shelf, General Book, at the *Highway Use Form 2290 Chapter*.
- (2) Form 730 reports the tax imposed on taxable wagers. Wagers are the total of those wagers that are authorized and those wagers that are not authorized by the state in which they are accepted (IRS No. 198).
- (3) Form 11-C reports tax by principals or agents who accept taxable wagers and register certain information to pay the occupational tax (IRS No. 197).
- (4) For more detailed guidance about wagering tax, refer to the Excise Tax Knowledge Base Homepage, Abstract and Claim Information Shelf, General Book at the *Wagering Chapter*.

Exhibit 4.24.1-1 (03-17-2023)**Acronyms**

The following table contains the acronyms and their definitions used throughout this IRM.

Acronym	Definition
ABS	Abstract Number
CEAC	Campus Exam/Automated Under Reporter Cincinnati
EFTPS	Electronic Federal Tax Payment System
ExSTARS	Excise Summary Terminal Activity Reporting System
FCA	Fuel Compliance Agent
FCO	Fuel Compliance Officer
FSEQ	Field and Specialty Exam Quality
GVW	Gross Vehicle Weight
IMS	Issue Management System
IRC	Internal Revenue Code
LB&I	Large Business & International
LUST	Leaking Underground Storage Tank
ODCs	Ozone Depleting Chemicals
POA	Power of Attorney
RA	Revenue Agent
SAT	Secure Airport Terminal
SB/SE	Small Business / Self Employed
TAS	Taxpayer Advocate Service
TBOR	Taxpayer Bill of Rights
U.S.	United States

