



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

4.24.2

AUGUST 27, 2025

EFFECTIVE DATE

(08-27-2025)

PURPOSE

- (1) This revises IRM 4.24.2, Excise Tax, Form 637 Excise Tax Registrations.

MATERIAL CHANGES

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

Number	Subsection	Description of Change
1	IRM 4.24.2.1.1, Background	Reorganized paragraph (4) and incorporated guidance from IGM SBSE-04-1024-0051, Interim Guidance on Fuel Sampling Requests and Form 637 Registrations for Activity Letters CA and CN, dated October 4, 2024, which provides guidance on fuel sampling requests for existing registrations that require a sample and new applications received for activities under IRC 45Z, including new CA and CN activity letters.
2	IRM 4.24.2.1.2, Authority	Incorporated guidance from IGM SBSE-04-1024-0051.
3	IRM 4.24.2.1.6, Acronyms	Added ITG (Indian Tribal Government) to the table.
4	IRM 4.24.2.1.7, Related Resources	Removed reference to IRM 4.24.1, it has been obsoleted.
5	IRM 4.24.2.2, General Overview of Form 637 Registration	Incorporated guidance from IGM SBSE-04-1024-0051 and converted the list to a table.
6	IRM 4.24.2.3, Applications Under IRC 4101	Incorporated guidance from IGM SBSE-04-1024-0051.
7	IRM 4.24.2.3.1, Registration Tests for IRC 4101 Activities	Incorporated guidance from IGM SBSE-04-1024-0051 and reorganized content. Moved content about fuel sampling by applicant, registrant, or designated proxy to IRM 4.24.2.3.1.2.
8	New IRM 4.24.2.3.1.1	Added title Fuel Sampling. Incorporated guidance from IGM SBSE-04-1024-0051.
9	New IRM 4.24.2.3.1.2	Added title Fuel Sampling by Applicant, Registrant, or Designated Proxy. Moved relevant content to this subsection from IRM 4.24.2.3.1. Incorporated guidance from IGM SBSE-04-0124-0009.
10	IRM 4.24.2.3.2, Visiting Applicants	Incorporated guidance from IGM SBSE-04-1024-0051.

Number	Subsection	Description of Change
11	IRM 4.24.2.3.3, Mandatory Revocation Rules	Incorporated guidance from IGM SBSE-04-1024-0051.
12	IRM 4.24.2.6, Penalty for Failure to Register or Reregister Under IRC 6719	Converted list to a table. Updated citation for IRM 4.24.17.10 to IRM 4.24.17.12.
13	IRM 4.24.2.6.3, IRC 6719 Unagreed Penalty Case File Closing	Converted list to a table.

- (2) Minor editorial changes have been made throughout this IRM. In addition, website addresses, legal references, and IRM references were reviewed and updated as necessary.

EFFECT ON OTHER DOCUMENTS

This section supersedes IRM 4.24.2, Form 637, Excise Tax Registrations, dated September 8, 2023, and incorporates Interim Guidance Memorandum (IGM) SBSE-04-0124-0009, Interim Guidance for Sampling Renewable Diesel, dated January 31, 2024, and IGM SBSE-04-1024-0051, Interim Guidance on Fuel Sampling Requests and Form 637 Registrations for Activity Letters CA and CN, dated October 4, 2024.

AUDIENCE

This section provides guidance to SB/SE Specialty Examination, Excise Tax Examination employees and personnel at the Centralized Specialty Tax Operations (CSTO).

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Small Business/Self Employed

4.24.2

Form 637 Excise Tax Registrations

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4.24.2.1
(08-27-2025)
Program Scope and Objectives

- (1) **Purpose** - This section provides an overview of Form 637, Application for Registration (For Certain Excise Tax Activities).
- (2) **Audience** - The audience for this section includes the SB/SE Director, Examination - Specialty, Chief, Estate & Gift/Excise Tax Exam, Form 637 Registration Group (hereinafter referred to as “registration group”) employees, Excise Territory Managers, Excise Group Managers (hereinafter referred to as “group managers” throughout this section), Excise Revenue Agents (RAs), Fuel Compliance Agents (FCAs), Fuel Compliance Officers (FCOs) (collectively and hereinafter referred to as “examiners” throughout this section) and Centralized Specialty Tax Operations (CSTO) employees.
- (3) **Policy Owner** - Director, Examination - Specialty Policy is responsible for the administration, procedures and updates related to processing Form 637 applications and follow-up compliance reviews.
- (4) **Program Owner** - Director, Examination - Specialty Tax owns Excise Tax Examination.
- (5) **Primary Stakeholders** - Primary stakeholders include the Chief, Estate & Gift/Excise Tax Exam, Excise Territory Managers, Form 637 Registration Group Manager, Excise Group Managers and Excise Case Selection (ECS).
- (6) **Other Stakeholders** - Other areas that follow these policies and procedures include the IRS Independent Office of Appeals (Appeals), Agency Wide Shared Services, Counsel, Large Business and International, SB/SE Examination, and Tax Exempt and Government Entities.
- (7) **Program Goals** - The processes and procedures provided in this section are consistent with the objectives or goals for Excise Tax Examination that are addressed in IRM 1.1.16.5.3.1, Excise Tax Examination.

4.24.2.1.1
(10-04-2024)
Background

- (1) The Internal Revenue Code (IRC) requires each person who engages in certain activities subject to federal excise tax (FET) to be registered by the IRS as a taxpayer who engages in these activities. The taxpayer must register with the IRS before undertaking the activity. In other situations, a person must register with the IRS as a taxpayer who conducts certain activities to receive an excise tax benefit that may come with such activity, such as, buying or selling an article tax-free or filing a claim for refund or credit. For specified activities, the taxpayer must use Form 637 to apply for registration under:
 - IRC 4101, Registration and bond (related to certain fuel taxes and credits)
 - IRC 4222, Registration (related to IRC 4221 tax-free sales)
 - IRC 4662, Definitions and special rules (related to certain tax-free sales of intermediate hydrocarbon streams or tax-free inventory exchanges of taxable chemicals)
 - *IRC 4682*, Definitions and special rules (related to ozone-depleting chemicals)
- (2) Form 637 includes a listing of activities for which registration is required or allowed. Refer to the tables found in IRM 4.24.2.3, Applications Under IRC 4101, and IRM 4.24.2.4, Applications Other Than Under IRC 4101, that list all applicable activity letters.

- (3) Letter 3689, Approval of Excise Tax Registration, is issued when an application is approved. A copy of the Form 637 application is not considered proof of registration. Letter 3689 should be retained as proof of registration.
- (4) Letter 3689 does not constitute a determination letter. For example:
 - Approval of a Form 637 Registration with activity letters AB, NB, or SA does not mean all future product produced unequivocally qualifies for the biodiesel/renewable diesel mixture credit or SAF credit.
 - Approval of a Form 637 Registration with activity letters AL or AM does not mean all future product produced unequivocally qualifies for the alternative fuel/alternative fuel mixture credit.
 - Approval of a Form 637 Registration with activity letters CA or CN does not mean all future product produced unequivocally qualifies for the clean fuel production credit under IRC 45Z.
- (5) If an application for registration is denied or an approved registration is revoked, then the applicant or registrant will be notified in writing and the reason for the denial, revocation will be provided.
- (6) An approved registration remains valid until revoked. Registration status can be found at *Confirm Online Form 637 Registration Status*.
- (7) All Form 637 Registration numbers issued after February 1, 2004, are comprised of 10 digits. For registration numbers issued prior to the preceding date:
 - a. The non-UV/UP registration number has eight digits.
 - b. The activity letters UP and UV registration numbers are comprised of nine digits.

4.24.2.1.2 (10-04-2024)

Authority

- (1) Form 637 Registrations are processed under the following authorities:
 - IRC 4101 - Registration and bond with respect to the tax imposed by IRC 4041(a)(1) or IRC 4081, every person producing or importing biodiesel (as defined in IRC 40A(d)(1), including renewable diesel (as defined in IRC 40A(f)(3), or alcohol (as defined in IRC 6426(b)(4)(A)), every person producing a fuel eligible for the clean fuel production credit (pursuant to IRC 45Z), every person producing or importing sustainable aviation fuel (SAF) (as defined in IRC 40B), and every person producing second generation biofuel (as defined in IRC 40(b)(6)(E)).
 - Note:** The IRS will treat the producer or importer of a SAF synthetic blending component and the United States producer of a SAF co-processed qualified mixture as the persons required to register under IRC 4101.
 - *Treas. Reg. 48.4082-5* - Registration relating to diesel fuel or kerosene removed, entered, or sold in Alaska for ultimate sale or use in an exempt area of Alaska
 - IRC 4222 - Registration for certain tax-free sales under IRC 4221
 - IRC 4662(b)(10)(C) - Registrations for intermediate hydrocarbon streams containing one or more organic taxable chemicals
 - IRC 4662(c)(2)(B) - Registrations for inventory exchanges of taxable chemicals
 - *Treas. Reg. 52.4682-5(d)* - Exports of ozone-depleting chemicals (ODCs)

- (2) Delegation Order SB/SE 1-23-7 (formerly SBSE DO 4.36, Rev. 3), Approval, Denial, Suspension or Revocation of Form 637, Application for Registration (for Certain Excise Tax Activities), delegates the authorities for approving, denying, revoking, and suspending Form 637 Registrations.
- (3) Delegation Order 4-6 (Rev. 1), Taxable Fuel Bond, delegates the authority to make the final determination as to the amount of bond required to be given by an applicant or existing registrant, to satisfy certain registration requirements under IRC 4101 with respect to the tax imposed by IRC 4041(a)(1) or IRC 4081. This delegation order also delegates the authority to require the posting of a bond to satisfy certain registration requirements under IRC 4101 for Form 637 Registration and to set the value of such bond.
- (4) This section is tailored for a general overview of Form 637 Registrations, including applications under IRC 4101, IRC 4222, IRC 4662, and IRC 4682, as well as for general guidance. Refer to IRM 4.24.23, Operational Procedures and Responsibilities for Form 637 Excise Tax Registrations and Secure Airport Terminals (SATs), for guidance regarding operational procedures and responsibilities for Form 637 Registrations and SATs. Refer to IRM 4.24.24, Form 637 Registration Files: Administrative Procedures for Initial Applications and Case Reviews, for guidance regarding Form 637 initial applications and case reviews.

4.24.2.1.3
(09-08-2023)
**Roles and
Responsibilities**

- (1) Director, Examination - Specialty Policy is responsible for the procedures and policies addressed in this section.
- (2) Program Manager, Excise Tax Policy is responsible for ensuring the procedures are accurate and updated regularly as needed.
- (3) The Chief, Estate & Gift/Excise Tax Exam is responsible for ensuring the procedures within this section are adhered to by employees in Excise Tax Examination.
- (4) Form 637 Registration case work is processed by the following areas:
 - **Centralized Specialty Tax Operations (CSTO)** - All initial Form 637 Applications are received by the Cincinnati IRS Center (CIRSC), date stamped and forwarded to CSTO for initial processing. Refer to IRM 4.24.23.5, Responsibilities of Centralized Specialty Tax Operations (CSTO).
 - **Excise Case Selection (ECS), Excise Workload Selection and Delivery (WSD)** - The selection of sample review cases and monitoring the Annual Form 637 Registration Work Plan is conducted by ECS/ WSD. Refer to IRM 4.24.23.4, Responsibilities of Excise Case Selection (ECS) and Workload Selection and Delivery (WSD).
 - **Form 637 Registration Group** - The registration group administers and maintains Form 637 Registrations. The registration group consists of Lead Technicians (LTs), Tax Examiners (TEs), Exam Technician and Management and Program Assistant. Refer to IRM 4.24.23.6, Responsibilities of the Form 637 Registration Group.
 - **Excise Groups** - Form 637 compliance reviews assigned to Excise Tax Examination groups are conducted by examiners. Group managers are responsible for concurring with the examiner's compliance review recommendation and approving penalty determinations, if applicable. Refer to IRM 4.24.23.7, Roles and Responsibilities for Excise Groups.

4.24.2.1.4
(09-08-2023)

Program Management and Reviews

- (1) **Program Reports** - Information regarding the reporting of program objectives are included on, but not limited to:
 - Examination Headquarters Monthly Briefing
 - Program Manager Monthly Briefing
 - SB/SE and Examination Operational Reviews and Business Performance Review
- (2) **Program Effectiveness** - Program effectiveness may be measured by the Exam Quality Review Staff, located in Field & Specialty Exam Quality (FSEQ). FSEQ supports the SB/SE Quality Improvement Program utilizing National Quality Review System (NQRS) to conduct 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 of failure, assess the feasibility of possible solutions and measure the success of quality improvement efforts.
- (3) **Annual Review** - Program Manager, Excise Tax Policy is responsible for reviewing annually the information in this section to ensure accuracy and promote consistent tax administration.

4.24.2.1.5
(09-08-2023)

Terms and Definitions

- (1) Below are definitions for terms frequently used throughout this section:

Term	Definition
Applicant	A person that has applied for registration on Form 637.
Form 637	Form 637, Application for Registration (For Certain Excise Tax Activities), is used to apply for excise tax registration for activities under IRC 4101, IRC 4222, IRC 4662 , and <i>IRC 4682</i> .
Letter of Registration	Letter 3689 is issued when an application is approved for registration.
CP 241	A CP 241, is a computer paragraph in a notice that is generated indicating a registrant may no longer meet the registration requirements and follow-up actions may be required.
Registrant	A person that has been issued a letter of registration (Letter 3689).

4.24.2.1.6
(08-27-2025)

Acronyms

- (1) Below are the acronyms and their definitions used throughout this section.

Acronym	Definition
ASTM	American Society for Testing and Materials
CCP	Centralized Case Processing

Acronym	Definition
CIRSC	Cincinnati IRS Center
CSTO	Centralized Specialty Tax Operations
EFL	Excise Forensics Laboratory
EIN	Employer Identification Number
ERCS	Examination Returns Control System
FCA	Fuel Compliance Agents
FCO	Fuel Compliance Officers
FET	Federal Excise Tax
IDRS	Integrated Data Retrieval System
IMS	Issue Management System
IRS	Internal Revenue Service
ITG	Indian Tribal Government
LB&I	Large Business and International Division
LT	Lead Technician
ODC	Ozone Depleting Chemical
SAF	Sustainable Aviation Fuel
TAS	Taxpayer Advocate Service
TE	Tax Examiner

4.24.2.1.7
(09-08-2023)

Related Resources

- (1) For tax law and regulations regarding Form 637 Registrations, refer to the following:
 - IRC 4101, for registration and bond related to certain fuel taxes and credits
 - *Treas. Reg. 48.4082-5*, for registration relating to diesel fuel or kerosene removed, entered or sold in Alaska for ultimate sale or use in an exempt area of Alaska
 - IRC 4222, for registration relating to certain tax-free sales under IRC 4221
 - IRC 4662(b)(10)(C), for registration relating to intermediate hydrocarbon streams containing one or more organic taxable chemicals
 - IRC 4662(c)(2)(B), for registration relating to inventory exchanges of taxable chemicals
 - *IRC 4682*, for definitions and special rules relating to exports of ozone-depleting chemicals (ODCs), refer to *Treas. Reg. 52.4682-5(d)*
 - IRC 6719, for failure to register or reregister penalties
- (2) Form 637 Registration status can be located at *Confirm On-line Form 637 Registration Status*.

- (3) For further guidance and procedures on a wide variety of excise issues, refer to *Excise Tax Knowledge Base Homepage* accessed via the Virtual Library on IRS Source - Home.
- (4) The Taxpayer Bill of Rights 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*.
- (5) For information relating to identity theft, refer to IRM 25.23, Identity Protection and Victim Assistance.

4.24.2.2

(10-04-2024)

General Overview of Form 637 Registration

- (1) An approved registration is a public statement by the IRS that it considered relevant aspects of the taxpayer's business operations, financial condition and the taxpayer met all the required registration tests for the specified activity. Refer to IRM 4.24.2.3.1, Registration Tests for IRC 4101 Activities, and IRM 4.24.2.4.1, Registration Tests for Activities Other Than Under IRC 4101, for additional information on registration tests.
- (2) Form 637 must be signed by a person with authority to bind the applicant. The authority to bind means the ability to execute a legally enforceable agreement that is enforceable against the applicant under state law.
- (3) The following persons are required to register under IRC 4101(a):

Persons	Activity Letter
Blenders	M
Enterers, position holders, refiners, and terminal operators	S
Pipeline operators or vessel operators within the bulk transfer/terminal system	X
Producers and importers of agri-biodiesel	AB
Producers and importers of alcohol	AF
Producers of clean transportation fuel which is SAF	CA
Persons extending credit on certain exempt sales of taxable fuel	CC
Producers of clean transportation fuel which is non-SAF	CN
Producers and importers of biodiesel (other than agri-biodiesel) and renewable diesel	NB
Producers and importers of sustainable aviation fuel	SA
Producers of second generation biofuel and cellulosic biofuel	SB

- (4) Entities that have U.S. business transactions involving taxable fuel and other IRC 4101 activities are required to register, regardless of domicile. For example, a business located in a foreign country is required to register under IRC 4101, if it conducts U.S. business transactions involving taxable fuel or other IRC 4101 activities.
- (5) The United States or a state or local government will not be registered for any activities under IRC 4222. If a governmental entity applies for a registration

that is not required, then the application will be denied, and the entity will be informed it is not required to be registered.

Note: Under IRC 4101, a state or local government may register as appropriate under the statute.

- (6) Each entity that has, or is required to have a separate EIN, is treated as a separate person, and must apply for registration. Thus, two business units, such as a parent corporation and a subsidiary corporation, are two different persons and each requires a different EIN. Only the entity that engages in an activity that requires registration is required/allowed to register.
- (7) All Form 637 Registration case files are processed and maintained electronically in the Issue Management System (IMS). Hereinafter referred to as "IMS case files" throughout this section.
- (8) IMS is computer-based and manages the Form 637 case workload. IMS obtains and retains Form 637 workload information in a centralized location on the IMS server. For further guidance, refer to IRM 4.24.25.2, Issue Management System (IMS).
- (9) The Notebook Job Aid is designed to provide examiners with a standard library of excise tax workpapers and letters. For further guidance, refer to IRM 4.24.25.3, Guide for Using Notebook.
- (10) Examiners must utilize IMS and the appropriate mandatory administrative forms and Form 637 Activity Test Job Aids currently found in Notebook. Refer to IRM 4.24.23.11, Mandatory Administrative Forms for Examiners.
- (11) All IMS case files are to be adequately documented as follows:
 - a. The registration group will document case actions using the Case Level Activity Record in IMS.
 - b. Examiners must document case actions on the Examining Officer's Activity Record in IMS.
 - c. Group managers must document case actions using the Case Level Activity Record in IMS.

4.24.2.3
(10-04-2024)
**Applications Under IRC
4101**

- (1) Listed below is a table containing a description of the activities governed by IRC 4101, *Treas. Reg. 48.4101-1(c)*, *Treas. Reg. 48.4101-1(d)*, and *Treas. Reg. 48.4082-5*:

Activity Letter	Description	Applicable Registration Tests
K	Buyer of kerosene for a feedstock purpose.	<ul style="list-style-type: none"> • Activity Test • Acceptable Risk Test • Adequate Security Test

Activity Letter	Description	Applicable Registration Tests
M	Blender of gasoline, diesel fuel (including a diesel-water fuel emulsion), or kerosene, producing a taxable fuel outside the bulk transfer/terminal system, including blenders of alcohol fuel mixtures, alternative fuel mixtures, biodiesel mixtures, and renewable diesel mixtures.	<ul style="list-style-type: none"> • Activity Test • Acceptable Risk Test • Adequate Security Test Note: Required to be registered.
S	Enterer, position holder, refiner, terminal operator, throughputter of gasoline, diesel fuel (including a diesel-water fuel emulsion), or kerosene, or an industrial user of gasoline.	<ul style="list-style-type: none"> • Activity Test • Acceptable Risk Test • Adequate Security Test Note: Each enterer, refiner, position holder, terminal operator and throughputter (that is a position holder) is required to be registered. A throughputter that is not a position holder, may register, but is not required to be registered. Industrial users may register but are not required to be registered.
X	Pipeline Operator or Vessel Operator (including certain deep-draft vessels) within the bulk transfer/terminal system.	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History) Note: Required to be registered.
Y	Buyer of kerosene for its use in commercial aviation (other than foreign trade).	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History) Note: Registration is required to purchase kerosene tax free and self-assess by filing Form 720 using IRS No. 077, Kerosene for use in commercial aviation (other than foreign trade).
AB	Producers and Importers of agri-biodiesel.	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History) Note: Required to be registered and provide fuel samples to be tested.

Activity Letter	Description	Applicable Registration Tests
AF	Producers and Importers of alcohol.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) Note: Required to be registered.
AL	Alternative Fueler that sells for use or uses alternative fuel as a fuel in a motor vehicle or motorboat.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) Note: Must be registered in order to file a claim.
AM	Alternative Fueler that produces an alternative fuel mixture that is sold for use or used in the alternative fueler's trade or business.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) Note: Must be registered in order to file a claim.
BC	Qualified Blood Collector organization buying taxable fuel, taxable tires and certain heavy vehicles; claiming exemption from the communications tax and heavy highway vehicle use tax; or to claim a credit or payment of certain excise taxes, for its exclusive use in the collection, storage, or transportation of blood.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History)
CA	Producers of clean transportation fuel which is sustainable aviation fuel (SAF)	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) Note: Required to be registered and provide fuel samples to be tested. Note: Must be registered at the time of production to file a claim for the IRC 45Z credit.
CC	Credit Card Issuer that issues credit cards for sales of taxable fuel to a state or local government for its exclusive use or for sales of gasoline to a nonprofit educational organization for its exclusive use.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) Note: Must be registered at the time the sale takes place to file a claim.

Activity Letter	Description	Applicable Registration Tests
CN	Producers of clean transportation fuel which is not sustainable aviation fuel (non- SAF)	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Required to be registered and certain non-SAF transportation fuels require a fuel sample to be tested.</p> <p>Note: Must be registered at the time of production to file a claim for the IRC 45Z credit.</p>
NB	Producers and Importers of biodiesel (other than agri-biodiesel) and renewable diesel.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Required to be registered and provide fuel samples to be tested.</p>
QR	Qualified Retailer of diesel fuel or kerosene sold in Alaska for nontaxable uses.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History)
SA	Producers or importers of sustainable aviation fuel.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Required to be registered and provide fuel samples to be tested.</p>
SB	Producers of second generation biofuel.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Required to be registered.</p>
UA	Ultimate Vendor that sells kerosene for use in aviation.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Must be registered to make an Ultimate Vendor claim.</p>
UB	Ultimate Vendor that sells undyed diesel fuel or undyed kerosene for use in certain intercity and local buses.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Must be registered to make an Ultimate Vendor claim.</p>

Activity Letter	Description	Applicable Registration Tests
UP	Ultimate Vendor that sells kerosene from a blocked pump.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Must be registered to make an Ultimate Vendor (blocked pump) claim.</p>
UV	Ultimate Vendor that sells (a) undyed diesel fuel or undyed kerosene to a state or local government for its exclusive use, or (b) gasoline (including aviation gasoline) to a state or local government for its exclusive use or to a nonprofit educational organization for its exclusive use.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Must be registered to make an Ultimate Vendor claim.</p>

4.24.2.3.1
(10-04-2024)
**Registration Tests for
IRC 4101 Activities**

- (1) Registration tests are defined in *Treas. Reg. 48.4101-1(f)*. Different activity letters have different tests; some require all three tests are satisfied. The tests are:
 - Activity Test
 - Acceptable Risk Test
 - Adequate Security Test (Adequate Financial Resources and Satisfactory Tax History)
- (2) **Activity Test** - Under *Treas. Reg. 48.4101-1(f)(2)*, an applicant meets the activity test only if it is determined that it is, in the course of its trade or business, regularly engaged in the activity applied for or likely to be regularly engaged within a reasonable period of time after being registered. In determining whether an applicant is likely to be engaged in a listed activity, the following factors should be considered:
 - Business experience
 - Financial standing
 - Contracts with buyers and sellers of fuel
 - Trade connections
 - State licenses
 - Federal and state tax returns
- (3) **Acceptable Risk Test** - Under *Treas. Reg. 48.4101-1(f)(3)*, an applicant meets the acceptable risk test only if it is determined that neither the applicant nor a related person has been penalized for a wrongful act.
- (4) Even though the applicant or a related person has been penalized for a wrongful act as defined under *Treas. Reg. 48.4101-1(b)(4)*, the Chief, Estate & Gift/Excise Tax Exam may determine, after review of evidence offered by the applicant, that the registration does not create a significant risk of nonpayment or late payment of the tax imposed by IRC 4041(a)(1) and IRC 4081.

- (5) In determining whether an applicant creates a significant risk of nonpayment or late payment of tax, the following factors should be considered:
- The time elapsed since the applicant or related person was penalized for a wrongful act
 - The present relationship between the applicant and any related person that was penalized for any wrongful act
 - The degree of rehabilitation of the person penalized for any wrongful act
 - The amount of bond given by the applicant (in this regard, the amount of bond may be in any amount without limits)

Note: Refer to IRM 4.24.2.5, for information on bonds.

- (6) Related person - Under *Treas. Reg. 48-4101-1(b)(5)*, a related person, which includes officers, owners, and members, is a person that meets any of the following conditions:
- a. Directly or indirectly exercises control over an activity of the applicant, if the activity is described in paragraph (c)(1) or (d) of *Treas. Reg. 48.4101-1*.
 - b. Owns, directly or indirectly, five percent or more of the applicant
 - c. Is under a duty to assure the payment of a tax for which the applicant is responsible
 - d. Is a member with the applicant of a group of organizations (as defined in *Treas. Reg. 1.52-1(b)*), that would be treated as a group of trades or businesses under common control for purposes of *Treas. Reg. 1.52-1*.
 - e. Distributed or transferred assets to the applicant in a transaction in which the applicant's basis is determined by reference to the basis of the assets in the hands of the distributor or transferor
- (7) Penalized by a Wrongful Act - *Treas. Reg. 48.4101-1(b)(4)* provides a person has been penalized for a wrongful act if any of the following conditions are true:
- Any penalty under Chapter 68 of the Code (or similar provision of the law of any state) has been assessed for fraudulently failing to file any return or pay any tax and the penalty has not been fully abated, refunded or credited.
 - Any penalty under Chapter 68 of the Code has not been fully abated, refunded or credited and the Chief, Estate & Gift/Excise Tax Exam determines that the conduct resulting in the penalty is part of a consistent pattern of failing to deposit, or pay over a substantial amount of tax.
 - A conviction of a crime under Chapter 75 of the Code (or similar revision of the law of any state), or conspiracy to commit such a crime occurred and the conviction has not been fully reversed by a court of competent jurisdiction.
 - A conviction of a crime, under the laws of the United States or any state, of a felony for which an element of the offense is theft, fraud or the making of false statements occurred and the conviction has not been fully reversed by a court of competent jurisdiction.
 - Any tax under IRC 4103, Certain additional persons liable for tax where willful failure to pay, has been assessed and the tax has not been fully abated, refunded or credited.
 - The registration under IRC 4101 or IRC 4222 was revoked.

- (8) **Adequate Security Test** - Under *Treas. Reg. 48.4101-1(f)(4)* an applicant meets the adequate security test only if it is determined the applicant has both adequate financial resources and a satisfactory tax history or the applicant posts a bond under *Treas. Reg. 48.4041-1(j)*.
- (9) **Adequate Financial Resources** - An applicant has adequate financial resources only if it is determined by the Chief, Estate & Gift/Excise Tax Exam the applicant is financially capable of paying:
- The expected tax liability under IRC 4041(a)(1) and IRC 4081 for a representative six-month period.
 - In the case of a terminal operator, the expected tax liability under IRC 4081 of persons other than the terminal operator with respect to taxable fuel removed at the racks of its terminals during a representative one-month period.

Note: The determination that an applicant has adequate financial resources must be based on all information relevant to the applicant's financial status. For example, lines of credit are generally revocable and, as such, should not be considered.

- (10) **Satisfactory Tax History** - Under *Treas. Reg. 48.4101-1(f)(4)(iii)* an applicant has a satisfactory tax history only if the Chief, Estate & Gift/Excise Tax Exam is satisfied with the filing, deposit and payment history for all federal taxes of the applicant and any related person. Complete transcripts or other equivalent research will be used for this purpose.
- (11) An applicant will be registered for activities K, M or S only if the examiner determines that the applicant meets all three registration tests found in *Treas. Reg. 48.4101-1(f)*.
- (12) An applicant will be registered for activities as an X, Y, AB, AF, AL, AM, BC, CA, CC, CN, NB, QR, SA, SB, UA, UB, UP, or UV only if the examiner determines that the applicant meets the Activity Test and the applicant and all related persons have a Satisfactory Tax History, including claim history.
- (13) In addition to the registration tests, AB agri-biodiesel and NB biodiesel applicants must meet the requirements of IRC 40A(d)(1) that define biodiesel as the monoalkyl esters of long chain fatty acids derived from plant or animal matter, which must meet:
- The registration requirements for fuels and fuel additives established by the Environmental Protection Agency under Section 211 of the Clean Air Act (42 USC 7545), and
 - The requirements of the American Society for Testing and Materials (ASTM) D6751.
- (14) In addition to the registration tests, NB renewable diesel applicants must adhere to the requirements of IRC 40A(f)(3) that define renewable diesel as liquid fuel derived from biomass, which must meet:
- The registration requirements for fuels and fuel additives established by the Environmental Protection Agency under Section 211 of the Clean Air Act (42 USC 7545), and
 - The requirements of ASTM D396 or D975.

- (15) NB registrants that produce or import renewable diesel are also required to register under activity letter S to identify them as a refiner or enterer of a taxable fuel.
- (16) In addition to the registration tests, CA and CN applicants must meet the requirements of IRC 45Z(d)(5)(A) that define transportation fuel to mean a fuel which:
- Is suitable for use in a highway vehicle or aircraft,
 - Has an emissions rate which is not greater than 50 kilograms of CO₂e per mMBTU, and
 - Is not derived from co-processing an applicable material (or materials derived from an applicable material) with a feedstock which is not biomass.
- Note:** The term “transportation fuel” includes SAF and non-SAF transportation fuel.
- (17) In addition to the registration tests, SA sustainable aviation fuel applicants must adhere to the requirements of IRC 40B(d) that define sustainable aviation fuel as liquid fuel, the portion of 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,
 - Is not derived from co-processing an applicable material (or materials derived from an applicable material) with a feedstock which is not biomass,
 - Is not derived from palm fatty acid distillates or petroleum, and
 - Has been certified as having a lifecycle greenhouse gas emissions reduction percentage of at least 50 percent. See *Notice 2023-6* for more details.
- (18) SA registrants that blend SAF synthetic blending components and ASTM D1655 kerosene used to produce SAF qualified mixtures are also required to register under Activity Letter S if the blending occurs within the bulk transfer/terminal system (that is, above the rack) or under Activity Letter M if the blending occurs outside the bulk transfer/terminal system (that is, below the rack).
- (19) SA registrants that produce SAF co-processed qualified mixtures and co-processed liquid fuel are also required to register under Activity Letter S to identify them as a refiner of a taxable fuel.
- (20) In addition to the registration tests, the examiner must obtain samples to determine that agri-biodiesel, biodiesel, renewable diesel, or SAF producers (AB, NB, or SA applicants and registrants) are adhering to the ASTM International requirements. See IRM 4.24.2.3.1.1 for fuel sampling procedures.
- (21) For renewable diesel samples, examiners must follow procedures in IRM 4.24.2.3.1.1 prior to requesting or obtaining samples. If the applicant is not yet producing the fuel, but anticipates production within a reasonable amount of time, samples do not need to be obtained to approve the registration. The examiner will obtain group manager’s consent and complete a follow-up review within 6 months of approval of the application to obtain a sample.

- (22) Approval or continuation of registration for AB, NB, or SA will be granted only if the results from the lab test for the agri-biodiesel, biodiesel, renewable diesel, and/or sustainable aviation fuel samples submitted by the applicant or registrant meet the IRC requirements.
- (23) Samples of certain clean transportation fuels that are not SAF (CN) are required for testing. Refer to IRM 4.24.2.3.1.1 for additional information.
- (24) Approval or continuation of registration for CA or CN will be granted only if the results from fuel samples and/or other documentation submitted by the applicant or registrant meet the requirements of IRC 45Z. If the applicant is not yet producing the fuel, but anticipates production within a reasonable amount of time, samples do not need to be obtained to approve the registration. The examiner will obtain group manager's consent and complete a follow-up review within 6 months of approval of the application to obtain a sample.
- (25) CA and CN applicants that produce fuel eligible for the IRC 45Z credit may have additional registration requirements, including the following:
- Activity Letter S (enterer, position holder, refiner, terminal operator, or throughputter of gasoline, diesel fuel (including a diesel-water fuel emulsion), or kerosene, or industrial user of gasoline);
 - Activity Letter M (blenders of gasoline, diesel fuel (including a diesel-water fuel emulsion) or kerosene, producing a taxable fuel outside the bulk transfer/terminal system, including blenders of alcohol fuel mixtures, alternative fuel mixtures, biodiesel mixtures, and renewable diesel mixtures);
 - Activity Letter AB (producers and importers of agri-biodiesel);
 - Activity Letter AF (producers and importers of alcohol);
 - Activity Letter NB (producers and importers of biodiesel (other than agri-biodiesel) and renewable diesel);
 - Activity Letter SA (producers of SAF as defined in IRC 40B); and
 - Activity Letter SB (producers of second-generation biofuel).
- (26) The Y activity letter is necessary for an aircraft operator to self-assess excise tax on Abstract 077.
- Note:** The Y registrant must provide the seller with a written exemption certificate (Model Certificate K).
- (27) Use of fuel in foreign trade. A buyer of aviation-grade kerosene fuel for use in foreign trade does not need to be registered to buy aviation fuel tax-free for that purpose. Refer to Section 4(f) of *Notice 2005-04*.
- (28) An aircraft operator/ultimate purchaser does not need to be a Y registrant for a registered ultimate vendor (UA registrant) to make a claim for kerosene sold for use in commercial aviation. The aircraft operator/ultimate purchaser can provide model Waiver L to an UA registrant without having a Y registration.
- (29) The requirement that each commercial aircraft operator have a Y registration was removed by *Notice 2005-80* Section 3(d).
- (30) Specific rule for qualified fuel sales in Alaska. *Treas. Reg. 48.4082-5(b)* provides that the Chief, Estate & Gift/Excise Tax Exam will register a person as a Qualified Retailer (QR) only if both of the following requirements are met:

- If it is determined that the person, in the course of its trade or business, regularly sells diesel fuel or kerosene for use by its buyer in a nontaxable use, and
- If the person has satisfied the filing, deposit, payment, and claim history for all federal taxes of the person and any related person.

Note: *Treas. Reg. 48.4101-1* does not address Qualified Retailers. *Treas. Reg. 48.4082-5(f)* provides that each person that has been registered as a Qualified Retailer, the rules of *Treas. Reg. 48.4101-1(g)*, *Treas. Reg. 48.4101-1(h)* and *Treas. Reg. 48.4101-1(i)* apply.

4.24.2.3.1.1 (10-04-2024) Fuel Sampling

- (1) In addition to the registration tests, certain registrations require fuel samples to be obtained and analyzed by the Excise Forensic Lab (EFL) to determine if the fuel meets the ASTM standards and qualifies for the specific registration.
- (2) Agri-biodiesel, biodiesel and SAF require fuel samples be obtained and analyzed by the EFL to determine if the fuel qualifies for the specific registration.
- (3) Certain other fuels may also require fuel samples to be obtained.
- (4) Prior to requesting a sample of fuel, other than agri-biodiesel, biodiesel or SAF, examiners must contact the designated Excise Tax Policy Analyst to determine if it is safe for a fuel sample to be obtained. The examiner must forward the following items to **SBSE Excise Policy* with the subject line "Fuel sample request":
 - Copy of the Certificate of Analysis (COA)
 - Copy of the Safety Data Sheet (SDS)
 - List of all feedstocks used in the production of the fuel
- (5) The designated Excise Tax Policy Analyst will notify the examiner if a sample can be obtained.
- (6) If a fuel sample cannot be obtained, then additional documentation will be used to make the determination whether a fuel qualifies for the registration. The additional documentation must be provided to the designated Excise Tax Policy Analyst.
- (7) If a fuel sample can be obtained or the fuel is agri-biodiesel, biodiesel or SAF, examiners will request an FCO through their group manager. The group manager will forward the request, along with approval from the Excise Tax Policy Analyst, if applicable, to the local FCO group manager.

4.24.2.3.1.2 (10-31-2024) Fuel Sampling by Applicant, Registrant, or Designated Proxy

- (1) There may be instances when an FCO is not readily available. For these situations, an examiner may allow an applicant, registrant, or designated proxy to collect and ship samples to the Excise Forensics Laboratory (EFL).
- (2) The examiner requests FCO support through the group manager. If an FCO is not available to obtain the sample, then the group manager will direct an FCO in the group to send the necessary sampling and shipping supplies to the examiner. Supplies include:
 - Sample bottles and caps,
 - Form 9667, Sample Bottle Seals and Identification Labels, and

- Shipping label, with box and instructions.

- (3) The examiner should contact the designated Excise Tax Policy Analyst for fuel to obtain a shipping air bill and provide the expected shipping date the samples will be obtained. Excise Tax Policy must be notified immediately if the date changes.
- (4) The examiner must review IRM 4.24.15, Excise Fuel Compliance Inspection, Sampling and Shipping, to become familiar with the safety, sampling and shipping aspects of handling fuel.
- (5) The examiner should schedule an appointment to observe the collection of the samples.

Note: The taxpayer's designation of a proxy requires a valid Form 2848, Power of Attorney and Declaration of Representative, and Form 56, Notice Concerning Fiduciary Relationship, from the applicant prior to sample collection activity.

- (6) At the time of the appointment, the examiner will observe the applicant or registrant fill eight one-ounce production run samples (fill to the one-ounce line on each sample bottle) for each tank product to be tested.

Note: The applicant or registrant generally provides equipment, but the examiner should inquire about safety requirements prior to the visit.

- (7) The examiner must complete Form 9667 in the presence of the applicant or registrant. The examiner must indicate on Form 9667 if the sample was obtained above or below the terminal rack. If the sample was obtained above the terminal rack, Form 9667 will indicate this by writing "Above the Rack" in the type of test section on Form 9667. If the sample was obtained below the terminal rack, Form 9667 will indicate this by checking the "BTR" on the type of test portion of the label. See IRM 4.24.15.15.1, Form 9667 Sample Bottle Sealing and Identification Label Required Information.
- (8) The applicant or registrant places the two security strips and label from the Form 9667 onto each bottle. Each Form 9667 can label four sample bottles of the same product from the same tank. The Form 9667 also has a label that may be included in the IMS case file.
- (9) Crisscross the top two narrow labeling strips over the top of the capped bottle so that four approximately equal lengths come down the outside of the bottle.

Note: Carefully press these strips against the side of the cap while one end of the strip is still not applied to the bottle. Wrap the third section, which is identified as "Bottle Label" on Form 9667 around the bottle, covering the bottom ends of the two crisscrossed strips.

- (10) The examiner shall prepare Form 13927, Chain of Custody and Shipping Record. The completed form will be enclosed inside the shipping box.
- (11) The applicant or registrant ships the samples to EFL the day of the visit unless the daily courier pickup deadline has passed. If the deadline has passed, then the sample must be shipped the next day. Excise Tax Policy will inform the examiner of the shipping deadline prior to the visit. The examiner must ensure that the shipping box is sealed prior to leaving the sampling site.
- (12) The examiner shall complete Form 14403, Investigative Sample Information, and either fax or e-mail the completed form to the EFL.

- (13) The EFL will send the sample results to the individual(s) listed on Form 14403.

Note: Sample results may only be shared with the registrant after EFL's identifying information is redacted from the document.

4.24.2.3.2
(10-04-2024)

Visiting Applicants

- (1) It is required that a field visit be conducted at the principal business location and/or production facility of the applicant for activities K, M, S, X, AB, AF, CA, CN, NB, SA, and SB.
- (2) A field visit by an examiner may be warranted to the principal business location of the applicant for activities AL, AM, BC, CC, UA, UB, UP, UV, and Y.
- (3) A field visit by an examiner is not required for activity QR.
- (4) If the entity is an Indian Tribal Government, refer to IRM 4.24.6.2.14, Excise Examinations of Indian Tribal Government (ITG) Cases, for procedures to follow before visiting an applicant.

4.24.2.3.3
(10-04-2024)

Mandatory Revocation Rules

- (1) The Chief, Estate & Gift/Excise Tax Exam must revoke the registration for activities above, if it is determined at any time the registrant:
 - Does not meet one or more of the applicable registration tests described in *Treas. Reg. 48.4101-1(f)* and has not corrected the deficiency within a reasonable period of time after notification.
 - Has used its registration to evade, or attempt to evade, the payment of any tax imposed by IRC 4041(a)(1) or IRC 4081, or to postpone or in any manner to interfere with the collection of any such tax.
 - Has used the registration to make a fraudulent claim for a credit or payment.
 - Has aided or abetted another person in evading, or attempting to evade, payment of any tax imposed by IRC 4041(a)(1) or IRC 4081, or in making a fraudulent claim for credit or payment.
 - Has sold, leased, or otherwise allowed another person to use the registration.
 - Fails to follow corrective actions for a CP 241 notice. Refer to IRM 4.24.24.5.2, CP 241, Notice - 637 Registrant, Procedures, for more information.
- (2) The examiner must recommend revoking the registration of any person registered for activities AB and/or NB, if it is determined the results of samples obtained during a compliance review do not meet ASTM standards.
- (3) The examiner must recommend revoking the registration of any person registered for activity SA, if it is determined the results of samples obtained during a compliance review do not meet ASTM standards and/or do not meet the requirements of IRC 40B(f)(2).
- (4) The examiner must recommend revoking the registration of any person registered for activities CA and CN, if it is determined the results of samples obtained during a compliance review do not meet the requirements of IRC 45Z(d)(5).

4.24.2.4

(09-08-2023)

Applications Other Than Under IRC 4101

(1) The description of the activities governed by IRC 4222, *Treas. Reg. 48.4222(a)-1*, IRC 4662(b)(10) and IRC 4662(c)(2) , and *Treas. Reg. 52.4682-5(d)* are listed in the table below.

(2) These activities are A, B, C, D, E, F, G, I, Q and V.

Activity Letter	Description	Applicable Registration Tests
A	Manufacturer of gas guzzler automobiles, sport fishing equipment (including fishing rods and fishing poles), fishing tackle boxes, bows, quivers, broadheads, points, arrow shafts, taxable tires or vaccines. Registration is required when the manufacturer engages in a tax-free sale under IRC 4221(a) and must be registered prior to making such a tax-free sale. Buyer must also be registered unless buyer is exempt from registration.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History) <p>Note: Registration is required when the manufacturer engages in a tax-free sale under IRC 4221(a) and must be registered prior to making such a tax-free sale. Buyer must also be registered unless buyer is exempt from registration.</p>
B	Buyer of sport fishing equipment (including fishing rods and fishing poles), fishing tackle boxes, gas guzzler automobiles, bows, quivers, broadheads, points or vaccines for further manufacturing or for resale to a buyer for further manufacturing.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History)
C	Buyer of tires for use on or in connection with the sale of another article the buyer manufactures and sells (1) for export, (2) to state and local governments, (3) to nonprofit educational organizations, or (4) as supplies for vessels or aircraft.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History)
D	Buyer with a place of business in the United States purchasing vaccines, gas guzzler automobiles, taxable tires, sport fishing equipment (including fishing rods and fishing poles), fishing tackle boxes, bows, quivers, broadheads, points, or arrow shafts, for export or for resale to a second purchaser for export.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History)
E	Buyer (other than state or local government) of gas guzzler automobiles for ambulance, law enforcement, or fire-fighting.	<ul style="list-style-type: none"> Activity Test Adequate Security Test (only the Satisfactory Tax History)

Activity Letter	Description	Applicable Registration Tests
F	Nonprofit educational organization, other than a public school, buying taxable tires, certain heavy vehicles, sport fishing equipment, (including fishing rods and fishing poles), fishing tackle boxes, bows, quivers, broad heads, points or arrow shafts for its exclusive use.	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History)
G	Persons making inventory exchanges of taxable chemicals under IRC 4662(c)(2) or persons selling or buying intermediate hydrocarbon streams containing one or more organic taxable chemicals under IRC 4662(b)(10).	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History)
I	Buyer (other than nonprofit educational organization or state or local government) of taxable tires for use on certain intercity, local or school buses.	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History)
Q	First retail seller of certain heavy vehicles.	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History) <p>Note: Heavy vehicle retailers that make a tax-free sale listed under IRC 4221(a) must be registered prior to making such a tax-free sale.</p>
V	Manufacturer, importer, or buyer of ozone-depleting chemicals (ODCs) for export.	<ul style="list-style-type: none"> • Activity Test • Adequate Security Test (only the Satisfactory Tax History)

4.24.2.4.1 (09-08-2023)

Registration Tests for Activities Other Than Under IRC 4101

- (1) Applicants will be registered under IRC 4222 and *IRC 4682*, if they meet the following tests:
 - Activity test
 - Satisfactory tax history
- (2) The activity test for activities A, Q, or V will be met only if it is determined the applicant or registrant in the course of its trade or business, regularly engaged in making certain tax-free sales described under IRC 4221 for activities A or Q, or IRC 4682(d) for activity V, or is likely to be regularly engaged in making certain tax-free sales because of such factors as the applicant's business experience, financial standing or trade connections.
- (3) The activity test for activities B, C, D, E, F, or I will be met only if it is determined the applicant in the course of its trade or business, regularly engaged in purchasing taxable articles under Chapter 32, Manufacturer's Excise Taxes, other than under IRC 4121, or IRC 4081, or under Subchapter C of Chapter 31

(IRC 4051 - 4053) or is likely to be regularly engaged in these activities because of such factors as the applicant's business experience, financial standing or trade connections.

- (4) The activity test for activity G will be met only if it is determined the applicant, in the course of its trade or business, makes inventory exchanges of taxable chemicals under IRC 4662(c)(2) or sells or buys intermediate hydrocarbon streams containing one or more organic taxable chemicals under IRC 4662(b)(10).
- (5) The satisfactory tax history test will be met only if, the Chief, Estate & Gift/Excise Tax Exam is satisfied with the filing, deposit, payment, reporting and claim history for all federal taxes of the applicant or registrant and any related person.

4.24.2.4.2
(09-08-2023)
Visiting Applicants

- (1) A field visit by an examiner may be warranted to the principal business location of applicants for activities A, B, C, D, E, F, G, I, Q and V.
- (2) If the entity is an Indian Tribal Government, refer to IRM 4.24.6.2.14, Excise Examinations of Indian Tribal Government (ITG) Cases, for procedures to follow before visiting an applicant.

4.24.2.4.3
(09-08-2023)
Mandatory Revocation Rules

- (1) Per *Treas. Reg. 48.4222(c)-1*, the examiner is authorized to recommend revoking the registration of any person registered for activities above, if it is determined that:
 - Such registrant is not a bona fide manufacturer, or a purchaser reselling direct to manufacturers or exporters.
 - Such registrant is for some other reason not eligible under these regulations to retain a Certificate of Registry.
 - Revocation is necessary to protect the revenue.
 - Such registrant has used this registration to avoid the payment of any tax imposed by Chapter 32 of the Code, or to postpone or interfere in any manner with the collection of such tax.
 - For A, B, C, D, E, F, I and Q registrants, the registrant failed to comply with the requirement of paragraph (c) of *Treas. Reg. 48.4221(a)-1*, relating to the evidence required to support tax-free sales.

Note: If any registrant fails to follow corrective actions for a CP 241 notice, then the examiner is authorized to recommend revoking the registration. Refer to IRM 4.24.24.5.2, CP 241, Notice - 637 Registrant, Procedures, for more information.

- (2) For G registrants, the examiner must recommend revoking a registration if it is determined the registrant failed to meet the activity or satisfactory tax history test.
- (3) For V registrants, the examiner must recommend revoking a registration if it is determined the registrant failed to comply with *Treas. Reg. 52.4682-5(d)* and *Treas. Reg. 52.4682-5(e)*.

4.24.2.5
(09-08-2023)
Bonding

- (1) Bonding applies to applications/registrations under IRC 4101. Bonding does not apply to applications under IRC 4222, IRC 4662, and *IRC 4682*.

- (2) IRC 4101(b)(1) and *Treas. Reg. 48.4101-1(j)*, as a condition of permitting any person to be registered under IRC 4101(a), the Chief, Estate & Gift/Excise Tax Exam may require such person to give a bond and, as appropriate, agree to a lien on their property as a condition of registration. Persons who fail to meet the acceptable risk test or the adequate security test may post a bond as a condition of registration.
- (3) A bond may be required as a condition for issuance of a registration, as well as the continuation of a registration. The examiner must discuss bonding with the group manager.
- (4) Bonds are relevant in two situations:
 - Initial registration applications for activity letter K, S, or M, and
 - Remedial action for registrants who are not UA, UB, UP, or UV, if the Chief, Estate & Gift/Excise Tax Exam determines that a registrant has at any time failed to comply with the terms and conditions of registration, made a false statement in connection with its application for registration or retention of registration or used its registration in a manner that creates a significant risk of nonpayment or late payment of tax.
- (5) The examiner may consider a bond as a factor in determining the acceptable risk test and adequate security test. Refer to *Treas. Reg. 48.4101-1(f)(3)(ii)(D)*, and *Treas. Reg. 48.4101-1(f)(4)(ii)*, and *Treas. Reg. 48.4101-1(f)(4)(iii)*, respectively.
- (6) A bond is not required for an S registrant that is a throughputter but not a position holder. Throughputters that are not position holders have no expected tax liability under IRC 4041(a)(1) and IRC 4081.

Caution: Examiners must explain to the registrant the requirements of *Treas. Reg. 48.4101-1(h)(1)(v)*, that the registrant must notify the IRS if they change their activity.

Note: If a Form 637 Registration for an activity letter S is approved, an indication that a follow-up review must be conducted within 12 months must be placed on the account and the examiner should request the 637 case file to conduct a follow-up review, after group manager approval, to insure that the registrant is meeting the required registration tests.

- (7) Amount of Bond - The group manager will set the value of the bond. The bond must be in an amount that is determined to ensure timely collection of taxes imposed under IRC 4041(a)(1) and IRC 4081. Refer to *Treas. Reg. 48.4101-1(j)(2)*. The group manager will take the following into consideration when determining the amount of the bond:
 - The applicant's financial capabilities, tax history, and expected tax liability under IRC 4041(a)(1) and IRC 4081 (to comply with the adequate security test).
 - The applicant's ability to meet the acceptable risk test. If the applicant poses a significant risk of nonpayment or late payment of tax, then the amount of the bond does not have to comply with the limits stated below.

Note: In no case may the amount of the bond be greater than the amount of the person's expected tax liability under IRC 4041(a)(1) and IRC 4081 for a representative six-month period.

Note: For a terminal operator, the amount of the bond may not be greater than the expected liability of persons other than the terminal operator with respect to taxable fuel removed at the racks of its terminals during a representative one-month period.

(8) Types of Bonds - Under *Treas. Reg. 48.4101-1(j)(1)*, the following types of bonds may be accepted:

- A public debt obligation of the United States Government,
- An obligation the principal and interest of which are unconditionally guaranteed by the United States Government,
- A bond executed by a surety company listed in Department of the Treasury Circular 570, Companies Holding Certificates of Authority as Acceptable Securities on Federal Bonds, etc., as an acceptable surety or reinsurer of federal bonds, and
- Any other bond with security including liens under IRC 4101(b)(1)(B) considered acceptable by the Chief, Estate & Gift/Excise Tax Exam.
- Refer to *Treas. Reg. 301.7101-1*, Form of bond and security required, for additional information.

Note: Department of the Treasury Circular 570, may be found at *List of Certified Companies* and is usually printed each year in the July 1 edition of the Federal Register.

(9) Procedures for Surety Bonds - Persons required to furnish a bond shall execute such bond on Form 928, Taxable Fuel Bond, by an acceptable surety. The group manager will ensure the accuracy of the bond, i.e., that the bond is payable to the United States Treasury and is not revocable by the taxpayer without prior notification by the surety company to the Chief, Estate & Gift/Excise Tax Exam.

Note: All bonds must have signatures and raised seals, while original signatures and raised seals are preferred, electronic signatures and electronic seals are acceptable.

(10) The group manager should consider the following items when securing a bond:

- Treasury Circular 570 periodically lists the companies certified by the Secretary of the Treasury as acceptable sureties on Federal bonds. This list also shows the areas in which the companies are licensed to transact business and the underwriting limitations applicable to each company.
- A bond executed by surety not holding a certificate of authority approved by the Secretary of the Treasury shall be accompanied by financial statements of the surety or sureties. The taxpayer's proposal to pay will be submitted with the bond.
- Bonds or notes that are not in the public debt obligations of the United States must be unconditionally guaranteed by the United States as to both interest and principal.

(11) Bond Approval - The group manager shall forward the bond to the territory manager who makes the final determination on the bond and signs Form 928. Upon final approval of the bond, the applicant's or registrant's registration will be approved or continued.

- (12) Bond Maintenance - When a bond is secured, the following procedures apply:
- a. The bond should be forwarded to the registration group manager within five business days after final approval by the territory manager.
Note: For registration group contacts, refer to the Excise Tax Knowledge Base Homepage, Form 637 Registration shelf, Registration Information book, Book Landing Page chapter, Registration Information Landing Page, Other Related Resources at “Form 637 Registration Group Contact Information”.
 - b. A copy of the signed bond must be uploaded into the registrant’s IMS case file.
 - c. The bond must be indicated on IMS. Under the Form 637 Recommendation Screen, the examiner should select the “Bond Indicator” when making the final recommendation. The examiner must also notate the amount of the bond, the bond number, and the date the bond was secured.
- (13) Collection of Taxes from Bonds - If a bonded registrant does not pay the amount of tax it incurs under IRC 4041(a)(1) and IRC 4081 by the time prescribed in IRC 6151, for paying that tax, then the IRS may collect the amount of the unpaid tax (including penalties and interest with respect to that tax) from the bonded registrant.
- (14) Determination that a Bond is No Longer Required - There are several situations that give rise to the determination that a bond is no longer required. These decisions will be made by the group manager. If it is determined that a bonded registrant subsequently meets the adequate security test or acceptable risk test without a bond, then the bond obligation is released. Refer to *Treas. Reg. 48.4101-1(j)(5)*. A copy of the letter that was issued to the registrant must be uploaded into the registrant’s IMS case file.
- (15) When the IRS receives a bond cancellation or bond reduction request from registrants, the registration group will take the appropriate actions that includes:
- a. Forwarding the requests for a bond decrease to the appropriate Excise Tax Examination group for reconsideration.
 - b. Conducting an IDRS compliance check on requests to cancel a bond and ensure the registrant does not have any outstanding tax liabilities under IRC 4041(a)(1) and/or IRC 4081, delinquent Form 720, Quarterly Federal Excise Tax Return, and/or under a Form 720 examination, before releasing the bond.
- (16) Termination of Surety Bond - A surety on a bond may give written notice to the Chief, Estate & Gift/Excise Tax Exam and the bonded registrant that the surety desires to be relieved of liability under the bond after a certain date, which date must be at least 60 days after the receipt of the notice by the Chief, Estate & Gift/Excise Tax Exam. The surety will be relieved of any liability that the bonded registrant incurs after the date named in the notice. However, the surety remains liable for the amount of tax that the bonded registrant incurred under IRC 4041(a)(1) and IRC 4081 during the term of the bond and for penalties and interest with respect to that tax.
- (17) Other Bond Terminations - A bond (other than a surety bond) may be returned to the bonded registrant only after the earlier of:

- a. The date the Chief, Estate & Gift/Excise Tax Exam determines that the bonded registrant has paid all taxes that the bonded registrant incurred under IRC 4041(a)(1) and IRC 4081 during the period covered by the bond and any penalties and interest with respect to the taxes.
- b. The expiration of the period for assessment of the taxes that the bonded registrant incurred under IRC 4041(a)(1) and IRC 4081 during the period covered by the bond, as determined under the provisions of Subchapter A of Chapter 66 of the IRC.
- c. The date the Chief, Estate & Gift/Excise Tax Exam receives from the registrant a substitute bond.

Note: Refer to *Treas. Reg. 48.4101-1(j)(4)(ii)* for additional information about other bond terminations.

4.24.2.6
(08-27-2025)
Penalty for Failure to Register or Reregister Under IRC 6719

- (1) IRC 6719, Failure to register or reregister, imposes a civil penalty on every person required to register or reregister under IRC 4101 and who fails to do so, unless the taxpayer establishes that the failure was due to reasonable cause. The amount of the penalty shall be both:
 - \$10,000 for each initial failure to register or reregister, and
 - \$1,000 for each day thereafter such person fails to register or reregister.
- (2) Each entity that has, or is required to have a separate EIN, is treated as a separate person, and must apply for registration. Refer to IRM 4.24.2.2(6) for additional information.
- (3) The penalty is per activity letter where registration is required. Refer to *Treas. Reg. 48.4101-1(c)* for activities requiring registration.
- (4) Statute date – The penalty under IRC 6719 should be assessed within three years, but no more than six years, from the date of the failure to register or reregister first occurred. The IMS case file should be documented with the facts and circumstances of the assessment. The examiner must document when IRS first learned of the taxpayer's failure to comply with IRC 4101 requirements and the responsive actions to assess the penalties. Refer to IRM 20.1.11.18(3), Statute of Limitations, for further information.
- (5) For unagreed penalties, the taxpayer can appeal the penalty determination by submitting a protest that meets the requirements in Publication 3498, The Examination Process. Appeals considers these penalties after assessment. Refer to *Treas. Reg. 601.106*, Appeals Functions, regarding appeal rights for liabilities determined under Chapter 68, Subchapter B, Assessable Penalties.
- (6) Penalties may be abated if the person can show reasonable cause for the non-compliance. Refer to IRM 20.1.1.3.2, Reasonable Cause, for further information.
- (7) The penalty assessments under IRC 6719 require a paper case file and a separate IMS penalty case file.
- (8) In the event a penalty proposal is warranted, the examiner will prepare and submit the following documents to the group manager:
 - a. Form 5345-D, Examination Request - ERCS (Examination Returns Control System) Users
 - b. E500, Penalty Check Sheet and Approval Form

c. Form 886-A, Explanation of Items

- (9) The Form 5345-D should include the following data field information shown in the table below:

No.	Data Field Information
1	Entity's name and address
2	Entity's name and address
3	Tax Identification Number (TIN)
4	MFT- PH (when the penalty is assessed it will post to MFT 13)
5	Form Type - 8278
6	Tax Period (the controlling period for the IRC 6719 penalty is the month when the failure to register first occurred)
7	Activity Code - 555 - Other Penalties - Form 8278
8	Source Code - 99 Non-AIMS Miscellaneous Penalty
9	Status Code - 10 (once time is applied, status will update to 12)
10	Statute Date (three years from the date the failure to register or reregister occurred)
11	Tracking Code (7640 - Initial Review, 7641 - Sample Review, 7642 - Discretionary Review)
12	Project Code - leave blank

- (10) Upon approval, the group manager will establish the ERCS penalty period and return the executed form to the examiner. The original documents are placed in the IMS case file with a copy of each document included in the newly established IMS penalty case file.
- (11) Upon receipt of the executed E500, the examiner should discuss the penalty proposal with the applicant or registrant.
- (12) Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties, is used to assess a penalty.

Note: Refer to IRM 4.24.17.12, Instructions for Completing Form 8278, Computation and Assessment of Miscellaneous Penalties, Non-Return Related Civil Penalties, for additional information.

Note: For additional information about assessing a penalty explained with examples, refer to the Virtual Library on IRS Source - Home, Servicewide Compliance Programs, Technical Guidance, Penalties, Business and Function-Specific Penalties shelf, Excise Estate and Gift book, Penalties Associated with Excise Taxes chapter, Failure to Register or Reregister page, "IRC 6719 Penalty Example with Forms" under the Related Forms & Documents section.

4.24.2.6.1
(09-08-2023)
**IRC 6719 No Penalty
Case File Closing**

- (1) For a No Penalty Case File, the IMS case file should contain the following documentation:
 - Form 3198, Special Handling Notice for Examination Case Processing
 - E500, Penalty Check Sheet and Approval Form, (with manager's signature)
 - Supporting workpapers
 - A copy of Letter 4601, No Penalty for Failure to Register
- (2) The case will be closed to the group manager who will sign and issue Letter 4601 to the applicant or registrant, close the IMS case file, and maintain the paper case file in the group.
- (3) The E500, supporting workpapers, and a copy of Letter 4601 should be uploaded into the IMS case file before closing.

4.24.2.6.2
(09-08-2023)
**IRC 6719 Agreed Penalty
Case File Closing**

- (1) For an Agreed Penalty Case File, the IMS case file, should include the following completed documents:
 - Form 3198, Special Handling Notice for Examination Case Processing, (check the "Other Instructions" box in the "Special Features" section and insert the following language: "6719 Penalty Case File – Assess using Reference Code 670")
 - Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties
 - Form 5384, Excise Tax Examination Changes and Consent to Assessment and Collection, (using Activity Code 555)
 - Form 886-A, Explanation of Items
 - E500, Penalty Check Sheet and Approval Form, (with manager's signature)
 - Supporting workpapers
 - A copy of Letter 4600, Penalty for Failure to Register
 - The applicant's/registrant's written response, if applicable
 - Form 3244-A, Payment Posting Voucher, if applicable
- (2) The examiner will prepare Letter 4600 and have the group manager sign letter and mail it to the applicant or registrant.
- (3) The Form 8278, Form 5384, Form 886-A, E500, supporting workpapers, a copy of Letter 4600, and the applicant's/registrant's written response (if applicable), should be uploaded into the IMS case file before closing.

4.24.2.6.3
(08-27-2025)
**IRC 6719 Unagreed
Penalty Case File
Closing**

- (1) For an Unagreed Penalty Case File, the IMS penalty case file, should contain the information/materials shown in the table below:

No.	Information/Materials
1	Form 3198, Special Handling Notice for Examination Case Processing

No.	Information/Materials
2	Form 4665, Report Transmittal Note: For Appeals, include the date of the failure to register or reregister first occurred, the statute date and the controlling tax period for the IRC 6719 penalty.
3	Form 8278, Assessment and Abatement of Miscellaneous Civil Penalties
4	Form 5384, Excise Tax Examination Changes and Consent to Assessment and Collection Note: Form 5384 is used for both agreed and unagreed cases. The taxpayer's signature is not required for an unagreed case.
5	Form 886-A, Explanation of Items
6	The applicant's/registrant's written response
7	The examiner's rebuttal
8	E500, Penalty Check Sheet and Approval Form, (with manager's signature)
9	Supporting workpapers
10	A copy of Letter 4600 Note: Letter 4600 is used for both agreed and unagreed penalty cases.
11	Form 3244-A, Payment Posting Voucher, if applicable

- (2) The examiner will prepare Letter 4600, which gives the applicant or registrant 30 days to respond. The group manager signs Letter 4600 and mails it to applicant or registrant.
- (3) If the applicant or registrant does not agree with the penalty assessment, then they may:
 - a. Request a managerial conference.
 - b. Request Appeals consideration.
Note: Appeals considers these penalties after assessment.
 - c. Pay the penalty and file a claim for refund or bring suit in the United States District Court or in the United States Court of Claims.
- (4) Penalty case files will be closed unagreed and forwarded to CCP for assessment when the applicant or registrant:
 - Fails to respond timely to Letter 4600,
 - Wishes to pay the penalty and petition the court, or
 - Wishes to pay the penalty and file a claim for refund.

- (5) An Appeals request requires the case be updated to Status 21 and forwarded to Technical Services.
- (6) IRM 25.6.23.7.1, Minimum Time Remaining on ASER, requires a minimum of 365 days remaining on the assessment statute before an unagreed case will be accepted by Appeals.
- (7) The Form 8278, Form 5384 (unsigned), Form 886-A, E500, supporting workpapers, a copy of Letter 4600, the applicant's/registrant's written response (if applicable), and the examiner's rebuttal (if applicable), should be uploaded into the IMS case file before closing.

4.24.2.7

(09-08-2023)

**Changes in the
Information Submitted in
Connection with
Application for
Registration**

- (1) Under *Treas. Reg. 48.4101-1(h)(1)(v)* each registrant must notify the Chief, Estate & Gift/Excise Tax Exam of any change in the information the registrant submitted in connection with its application for registration, or previously submitted under this paragraph (h)(1)(v), within 10 days after the change occurs. These changes include, but are not limited to:
 - Ownership
 - Name
 - Address
 - Business activities
- (2) When verbal or written notification is received from a registrant that there has been a change in the information submitted in connection with the application for registration, such information will be forwarded to the registration group manager via secure e-mail or fax.

Note: For additional information about registration group contacts, refer to the Excise Tax Knowledge Base Homepage, Form 637 Registration shelf, Registration Information book, Book Landing Page chapter, Registration Information Landing Page, Other Related Resources at "Form 637 Registration Group Contact Information".

- (3) If there has been a name change, change in entity type or change in ownership, then the examiner or TE should secure Secretary of State documentation to support these changes.
- (4) Upon receipt of the notification, the registration group manager will:
 - a. Document the receipt of the notification on the Case Level Activity Record in IMS.
 - b. If applicable, assign the IMS case file to the LT who then will update the IMS case file and take additional actions as warranted.
- (5) If a registrant fails to notify the Secretary within 10 days after the change occurs, then the Chief, Estate & Gift/Excise Tax Exam may take remedial action on the registration, such as, revoking the registrant's registration. Refer to *Treas. Reg. 48.4101-1(i)(2)*.

4.24.2.7.1

(09-08-2023)

**Procedures for Changes
in Ownership**

- (1) For registrants under IRC 4101, IRC 4101(a)(5) discusses reregistration in the event of change in ownership. Under regulations prescribed by the Secretary, a person (other than a corporation the stock of which is regularly traded on an established securities market) shall be required to reregister under this section if after a transaction (or series of related transactions) more than 50 percent of ownership interests in, or assets of, such person are held by persons other

than persons (or persons related thereto) who held more than 50 percent of such interests or assets before the transaction (or series of related transactions). This will require a new Form 637 be filed.

- (2) For registrants under IRC 4222, IRC 4662 and *IRC 4682*, they must notify the IRS within 10 days if any of the information submitted with an application has changed.
- (3) For all registrants, a change in EIN number will require a new Form 637 be filed.
- (4) Changes in ownership that do not involve obtaining a new Form 637 application will be properly documented on the Case Level Activity Record in IMS by the LT. At a minimum, the LT will:
 - a. Secure the names and TINs of the new owners.
 - b. Conduct an IDRS compliance check on the new owners.
 - c. Ensure that the person who signed the approved application can continue to bind the registrant. If not, then obtain a new Form 637 application signed by a person that can bind the registrant.
 - d. Document the Case Level Activity Record in IMS for all actions taken.
- (5) For changes in ownership that require reregistration under IRC 4101(a)(5) and where the EIN did not change. The LT will:
 - a. Obtain a new Form 637 application (if not provided) and ensure the application is signed by a person that can bind the applicant.
 - b. Create a sample review and assign the IMS case file to the appropriate Excise Tax Examination group.
 - c. Upload the application and documentation on the change in ownership in the existing IMS case file under "Workpapers." The change in ownership on IMS will be made after the Excise Tax Examination group makes a final determination on the application, completes the sample review, and updates the IMS case file to Status 70 - LT Review. The registration group will update the change in ownership on IMS and issue the appropriate registration letters.
 - d. E-mail the group manager, via secure e-mail, about the establishment of the sample review, change in ownership and new application.
 - e. Document the Case Level Activity Record in IMS for all actions taken.
- (6) For changes in ownership that require reregistration under IRC 4101(a)(5) and the EIN change, a new Form 637 application will be required and processed in accordance with the procedures found in IRM 4.24.24.4.3, Status 20 Compliance Check - Overview Initial Application and Sample Reviews Conducted by Form 637 Registration Group TE. Once the case is returned to the LT in Status 30 - LT Review, the assigned LT will:
 - a. Create a sample review on the existing IMS case file.
 - b. Upload documentation of the ownership change in both IMS case files.
 - c. Notify the group manager via secure e-mail of the ownership change.
 - d. Assign the initial application and sample review to the Excise Tax Examination group to make the final determinations on both IMS case files.
 - e. Document the Case Level Activity Record in IMS for all actions taken.

4.24.2.7.2
(08-31-2021)
Procedures for Name Changes

- (1) When notification of a name change is received and the name does not match the name on IMS or IDRS, the LT will:
 - a. Contact the registrant and secure documentation about the name change, if applicable, such as, filings with the Secretary of State or corporate minutes. An internet search can also be conducted at the registrant's Secretary of State website.
 - b. Once documentation on the name change is received, change the name on IMS and issue a Letter 3689 with the new name to the registrant.
 - c. Complete Form 2363, Master File Entity Change, and forward the completed form to Centralized Case Processing (CCP).
 - d. Upload documentation of name change, Letter 3689, and Form 2363 into the IMS case file.
 - e. Document the Case Level Activity Record in IMS for all actions taken.
- (2) When notification of a name change is received and the new name does not match IMS, but matches the name on IDRS (e.g., the ENMOD), the LT will:
 - a. Secure an ENMOD and ensure the prior name shown on the ENMOD matches the name on IMS.
 - b. Change the name on IMS.
 - c. Prepare and issue Letter 3689 with the new name to the registrant.
 - d. Upload a signed copy of Letter 3689 and ENMOD into the IMS case file.
 - e. Document the Case Level Activity Record in IMS for all actions taken.

Note: If the prior name shown on the ENMOD is not the same as IMS, then a compliance review may be warranted.

4.24.2.7.3
(09-08-2023)
Procedures for Changes in Registration Activities

- (1) If a registrant requests to add an additional activity to its approved registration, then a new Form 637 is required for the additional activity. The new Form 637 will be processed in accordance with the established procedures in IRM 4.24.24.4.3, Status 20 Compliance Check - Overview Initial Application and Sample Reviews Conducted by Form 637 Registration Group TE.
- (2) When notification is received from a registrant that the taxpayer no longer engages in the activity for which the registrant is approved, the LT will:
 - a. Secure a written consent, from a person that can bind the registrant, to revoke the activity that is no longer needed and upload the consent into the IMS case file.
 - b. Prepare Letter 3691 and update the IMS case file to status 65 - Deny/ Revoke.
 - c. If applicable, prepare and issue Letter 3689 with the current approved activity and then upload the signed copy of letter into the IMS case file.
 - d. Document all actions taken on the Case Level Activity Record in IMS.

4.24.2.8
(08-31-2021)
Relationship Between Form 637 Compliance Reviews and Examinations

- (1) If an applicant's or registrant's books and records are inspected for a filed, delinquent, or potentially delinquent return, then an examination has been initiated and appropriate examination procedures will be followed.
- (2) Inspection of books and records for periods for which a return is not filed (excluding delinquent returns) is not an examination.

- (3) Inspection of exemption certificates, contracts, financial statements, and other records not used in determining a tax liability is not an examination.
- (4) Inspection of a filed return that does not involve an inspection of supporting books and records is not an examination.

4.24.2.9
(09-08-2023)
**Examinations Resulting
from Form 637
Compliance Reviews**

- (1) When substantial noncompliance is found during a compliance review, the examiner will expand the scope into an examination after receiving approval from the group manager.
- (2) The examiner will submit a Form 5345-D to establish case controls within three business days after approval from the group manager using Project Code 637 and the applicable Tracking Code:
 - 7640 - Initial Review
 - 7641 - Sample Review
 - 7642 - Discretionary Review
- (3) Once the examination is completed, a copy of the report must be uploaded into the IMS case file.
- (4) Follow procedures found in IRM 4.24.23.7.4, Excise Group Procedures - Initial Application Reviews, or IRM 4.24.23.7.5, Excise Group Procedures - Compliance Reviews, to close out the IMS case file.

4.24.2.10
(09-08-2023)
Disclosure

- (1) IRC 6103(k)(7) provides to the extent the Secretary determines that disclosure is necessary to permit the effective administration of subtitle D, that the Secretary may disclose:
 - The name, address and registration number of each person who is registered under any provision of subtitle D (and, in the case of a registered terminal operator, the address of each terminal operated by such operator)
 - The registration status of any person
- (2) Any request for disclosure not listed in (1) above will be forwarded to the registration group manager. The request will concisely state the administrative necessity for disclosure.
- (3) All contacts and disclosures will be recorded on the Form 9984, Examining Officer's Activity Record, and uploaded into the applicant's or registrant's IMS case file or on the Case Level Activity Record in IMS.

4.24.2.11
(09-08-2023)
**Taxpayer Advocate
Service (TAS) Referrals
and Inquiries**

- (1) The Excise Technical Advisor is the point of contact for all TAS referrals and inquiries. When inquiries are received from TAS concerning initial Form 637 Registration applications for which no determination has been made and the applicant requests the application be expedited, the referral is submitted to the registration group manager for review.

Note: For additional information about registration group contacts, refer to the Excise Tax Knowledge Base Homepage, Form 637 Registration shelf, Registration Information book, Book Landing Page chapter, Registration Information Landing Page, Other Related Resources at "Form 637 Registration Group Contact Information".

- (2) The registration group manager and the group manager will review the facts and circumstances surrounding the case and determine if the application should be expedited. Factors to consider include, but are not limited to the following:
 - What hardship would the applicant suffer should the application not be expedited?
 - When was the application filed and how long has the application been in process?
 - Does the applicant have a deadline that is beyond their control?
 - What documented case actions have occurred to date?
 - What is the reason for the delay?
- (3) If it is decided to expedite the case, then the registration group manager will issue the registration number and forward the IMS case file to the group manager for a final determination. At or shortly after receipt, the group manager will direct the examiner to complete the case. The examiner is responsible for communicating their decision to the applicant.
- (4) If it is decided not to expedite the case, then the group manager will direct the examiner to contact the applicant to provide an update on the case progress.
- (5) If the inquiry originates directly from the applicant via the Excise Tax Hotline, then the registration group manager should be contacted within two business days to allow the manager time to review and discuss the situation and involve the assigned group manager, if warranted.

4.24.2.12
(09-08-2023)
Third Party Contacts

- (1) For detailed information and guidance about third party contacts, refer to IRM 4.24.15.2.2, Third Party Contacts.
- (2) For additional information about third party contacts, refer to Excise Examination shelf, Examination in Process book, Third Party Contacts page, located at the Excise Tax Knowledge Base Homepage.

