

Changes to the Requirements for Excise Tax Returns, Payments, and Deposits, Effective for Calendar Quarters Beginning After September 30, 2001

Announcement 2001-98

Purpose

The IRS has issued final regulations on the requirements for excise tax returns, payments, and deposits, effective for calendar quarters beginning after September 30, 2001. This announcement is to advise taxpayers who file Form 720, Quarterly Federal Excise Tax Return, of the revised filing and deposit requirements. These changes will be reflected on the 4th quarter Form 720 and its instructions.

Filing Dates

All Forms 720 must be filed by the last day of the month following the quarter for which the return is made. The returns are due by April 30, July 31, October 31, and January 31. The one-month filing extension that was allowed for returns relating to communications, air transportation, and ozone-depleting chemicals has been eliminated.

Deposit Threshold

No deposit is required for taxes listed in Part I of Form 720 if the net tax liability does not exceed \$2,500 for the quarter. The threshold previously was \$2,000.

Deposit Dates

One deposit rule applies for all taxes other than those deposited under the alternative method. There are two methods under which deposits can be made: The regular method and the alternative method. The classes of tax, which were referred to as the 9-day rule, 14-day rule, and 30-day rule, have been eliminated.

Under the regular method, deposits for a semimonthly period are due by the 14th day of the following semimonthly period. Generally, this is the 29th day of the month for the first semimonthly period and the 14th day of the following month for the second semimonthly period. If the 14th day is a Saturday, Sunday, or legal holiday, the deposit is due the immediately **preceding** day that is not a Saturday, Sunday, or legal holiday. There is no change to deposit dates for taxes deposited under the alternative method.

Amount To Deposit and Safe Harbor Rules

In general, the deposit of tax for each semimonthly period must be at least 95% of the amount of net tax liability incurred during the semimonthly period. This replaces the requirement to deposit 100% of the net tax liability and the current liability safe harbor rule. The look-back quarter liability safe harbor rule still applies.