



# Terms and Conditions of Registration

**Terms and Conditions of Registration for Form 637 (Application for Registration (For Certain Excise Tax Activities))** (Registrations Issued Under Sections 4101, 4222, or 4682 of the Internal Revenue Code)

## A. Terms and Conditions of Registrations Issued Under IRC 4101:

### 1. AFFIRMATIVE DUTIES:

Each registrant must –

- a) Make deposits, file returns, and pay taxes required by the Internal Revenue Code and the regulations;
- b) Keep records sufficient to show the registrant's tax liability under sections 4041(a)(1) and 4081 and payments or deposits of such liability;
- c) Make all information reports required under section 4101(d);
- d) Make available for inspection on demand by the Internal Revenue Service during normal business hours records relevant to a determination of tax liability under sections 4041(a)(1) and 4081; and
- e) Notify the 637 Registration Group's Lead Technician (LT) of any change (such as a change in ownership) 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.

### 2. PROHIBITED ACTIONS:

A registrant may not –

- a) Sell, lease or otherwise allow another person to use its registration;
- b) Make any false statement to the Chief, Estate, Gift and Excise Tax Examination in connection with a submission under paragraph (h)(1) or (h)(3) of this section;
- c) Make any false statement on, or violate the terms of, any certificate given to another person to support an exemption from, or a reduced rate of, the tax imposed by section 4081; or
- d) In the case of an ultimate vendor (blocked pump), deliver kerosene (or allow kerosene to be delivered) into the fuel supply tank of a diesel-powered highway vehicle or diesel-powered train from a blocked pump.

### 3. ADDITIONAL TERMS AND CONDITIONS FOR TERMINAL OPERATORS

- a) *Notice required with respect to dyed diesel fuel and dyed kerosene.* —A legible and conspicuous notice stating “DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE” must be provided by each terminal operator to any person that receives dyed diesel fuel at a terminal rack of that operator. A legible and conspicuous notice stating “DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE” must be provided by each terminal operator to any person that receives dyed kerosene at a terminal rack of that operator. These notices must be provided by the time of the removal and must appear on all shipping papers, bills of lading, and similar documents that are provided by the terminal operator to accompany the removal of the fuel.
- b) *Records to be maintained relating to removals of diesel fuel or kerosene.* —Each terminal operator must keep the following information with respect to each rack removal of diesel fuel or kerosene at each terminal it operates:
  - (A) The bill of lading or other shipping document.
  - (B) The record of whether the fuel was dyed and marked in accordance with §48.4082-1.
  - (C) The volume and date of the removal.
  - (D) The identity of the person, such as a common carrier, that physically received the fuel.
  - (E) Any other information required by the Commissioner
- c) *Records to be maintained relating to dye.* —With respect to each of its terminals, a terminal operator must keep records relating to dye inventories and usage.
- d) *Records retention requirements.* —In addition to any other requirement relating to the retention of records, the Terminal Operator must:

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- (A) Maintain the information described in paragraph b) above at the terminal from which the removal occurred for at least 12 months after the removal to which it relates.
- (B) Maintain the information described in paragraph c) above at the terminal where the dye was received for at least 12 months after the receipt.
- e) Prohibition on providing incorrect information. —In connection with the removal of diesel fuel or kerosene that is not dyed and marked in accordance with §48.4082-1, a terminal operator may not provide any person (including the position holder with respect to the fuel) with any bill of lading, shipping paper, or similar document indicating that the diesel fuel or kerosene is dyed and marked in accordance with §48.4082-1.
- b) Keep records sufficient to show the registrant's tax liability under applicable sections of the Internal Revenue Code and of payment or deposits of the tax; and
- c) Notify the 637 Registration Group's Lead Technician (LT) of any change (such as a change in ownership) in the information the registrant gave in applying for registration, within 10 days after the change occurs.

## **B. Terms and Conditions of Registrations Issued Under IRC 4222 or 4682:**

### **1. AFFIRMATIVE DUTIES**

Each registrant must –

- a) Make deposits, file returns and pay taxes required by the Internal Revenue Code and the regulations;

### **2. PROHIBITED ACTIONS**

A registrant may not –

- a) Sell, lease or otherwise allow another person to use the registration;
- b) Use the registrations to avoid the payment of any tax, or to postpone or in any manner to interfere with the collection of any such tax; and
- c) Fail to secure the documentation on the exempt purpose for which the article or articles are being purchased tax-free and the registration number, if required, of the purchaser. Such information must be in writing and may be noted on the purchase order or other document furnished by the purchase order or other document furnished by the purchaser to the seller in connection with each sale.