

Instructions

Under the Energy Tax Act of 1978, automobile manufacturers must pay a tax on the sale of each automobile in a model type that does not meet prescribed fuel economy standards (see the definition for fuel economy below). The tax applies to 1980 and later model year passenger automobile model types.

Who Must File

Any person engaged in the manufacture of automobiles who sells an automobile in a model type which falls into a taxable category as shown on the face of this form must complete Form 6197 and file it as an attachment to Form 720, Quarterly Federal Excise Tax Return. If you have no taxable model types, you do not have to file Form 6197.

When to File

File Forms 720 and 6197 by the last day of the month after the end of the calendar quarter. If timely deposits in full payment of the taxes due for the quarter have been made, an additional 10 days will be allowed for filing the returns.

Where to File

Please see the instructions for Form 720. They contain the addresses of the service centers where Forms 6197 and 720 must be filed.

Definitions

“**Automobile**” means any four-wheeled vehicle that is rated at 6,000 pounds gross weight or less, is propelled by an engine powered by fuel, and is intended for use mainly on public streets, roads, and highways.

The term “automobile” does not include: vehicles operated exclusively on a rail or rails; vehicles sold for use and used as ambulances or combination ambulance-hearses; Federal, State, or local police or other law enforcement vehicles; any vehicle used for firefighting purposes; or a nonpassenger automobile as defined in 49 CFR 523.5 (1978).

“**Fuel economy**” means the average number of miles an automobile travels on a gallon of gasoline (or an equivalent amount of other fuel). The fuel economy for any model type shall be the combined estimated value set by the Environmental Protection Agency (EPA) for purposes of a general fuel economy label value.

“**Manufacturer**” includes a producer or importer.

“**Model type**” means a particular class of automobile as determined by regulation by the Environmental Protection Agency.

“**Model year**” for a specific calendar year means a manufacturer’s annual production period (as determined by EPA) that includes January 1 of that calendar year. If a manufacturer has no annual production period, the model year is the same as the calendar year.

“**Fuel**” means gasoline and diesel fuel.

“**Sale**” includes the manufacturer’s use of an automobile or first lease of an automobile. For rules on paying the tax in the case of a first lease, see Internal Revenue Code section 4217(e)(2).

General Instructions

Report only one model year on each Form 6197. If

you owe tax on two different model years for the same quarter, complete a separate Form 6197 for each model year. Add the tax shown on all Forms 6197 and enter the totals on Form 720. Then attach the Forms 6197 to Form 720 when you file the return.

Special Rule for Small Manufacturers

If you are a small manufacturer, you may apply for a ruling that it is not feasible for you to meet the tax-free fuel economy level for a particular model type and year. If your application is approved, specify in an attachment the date of approval and the “maximum feasible fuel economy level” for the model year and model type(s) as set forth in the letter of approval. See the regulations section 138.4064–1(d)(1) for the information on alternate rate schedules for small manufacturers.

You are a small manufacturer if you:

- (a) manufacture fewer than 10,000 automobiles (whether or not in the U.S.) in the second model year before the model year of the ruling, and
- (b) can reasonably be expected to manufacture fewer than 10,000 automobiles in the model year of the ruling.

If you merely import automobiles, you are not considered a manufacturer and may not apply for the alternate rate schedule. However, if the foreign manufacturer obtains an alternate rate schedule the importer may use that schedule.

Specific Instructions

Part I.—Computation of Tax

Line 1.—No entry is required. 1981 model year automobiles that get at least 17 miles per gallon are not subject to the fuel economy tax.

Line 2, Columns (d), (e), (f), and (g).—Enter the number of automobiles you sold which have a fuel economy rating of at least 16 miles per gallon but less than 17. Use a separate column for each model type.

Line 2, Column (h).—Add the numbers listed in columns (d) through (g), and enter the total in column (h).

Line 2, Column (i).—Multiply the amount in column (h) by the tax rate listed in column (c), and enter the tax due.

Lines 3, 4, 5, and 6.—Repeat the procedure for line 2, using the fuel economy ratings and tax rates that apply (columns (a), (b), and (c) of each line).

Line 7.—Add the amounts in column (i), lines 2, 3, 4, 5, and 6, and enter the total tax due. Show this amount as the fuel economy tax on Form 720 on the line for IRS number 40.

Part II.—Identification of Models

Subject to Fuel Economy Tax

Enter the model name, number, or description which adequately identifies the model types listed under columns (d), (e), (f), and (g) in Part I. If you have more than four taxable model types, attach a schedule. Use the same size paper as the form and include the tax in the total tax due on line 7 of the form.