

Environmental Taxes

▶ See instructions on back
 ▶ Attach to Form 720

Name	Employer identification number as shown on Form 720
	<div style="width: 45%;">Date quarter ended</div> <div style="width: 50%;">S.I.C. Number</div>

Part I Tax on Petroleum	(a) Barrels	(b) Rate	(c) Tax
1 Crude oil received at a U.S. refinery bbls.			
2 Crude oil taxed prior to receipt at refinery bbls.			
3 Taxable crude oil (Subtract line 2 from line 1) ▶	bbls.	\$.0079 bbl.	\$
4 Petroleum products entered into the U.S. ▶	bbls.	\$.0079 bbl.	\$
5 Crude oil used in or exported from the U.S. before the tax was imposed	bbls.	\$.0079 bbl.	\$
6 Total petroleum tax. Enter here and on Form 720 on the line for IRS No. 53 ▶			\$

Part II Tax on the Sale or Use of Certain Chemicals			
Chemical	(a) Tons	(b) Rate	(c) Amount
1 Acetylene		\$4.87	
2 Ammonia		2.64	
3 Antimony		4.45	
4 Antimony trioxide		3.75	
5 Arsenic		4.45	
6 Arsenic trioxide		3.41	
7 Barium sulfide		2.30	
8 Benzene		4.87	
9 Bromine		4.45	
10 Butane		4.87	
11 Butylene		4.87	
12 Butadiene		4.87	
13 Cadmium		4.45	
14 Chlorine		2.70	
15 Chromite		1.52	
16 Chromium		4.45	
17 Cobalt		4.45	
18 Cupric oxide		3.59	
19 Cupric sulfate		1.87	
20 Cuprous oxide		3.97	
21 Ethylene		4.87	
22 Hydrochloric acid		\$0.29	
23 Hydrogen fluoride		4.23	
24 Lead oxide		4.14	
25 Mercury		4.45	
26 Methane		3.44	
27 Naphthalene		4.87	
28 Nickel		4.45	
29 Nitric acid		0.24	
30 Phosphorus		4.45	
31 Potassium dichromate		1.69	
32 Potassium hydroxide		0.22	
33 Propylene		4.87	
34 Sodium dichromate		1.87	
35 Sodium hydroxide		0.28	
36 Stannic chloride		2.12	
37 Stannous chloride		2.85	
38 Sulfuric acid		0.26	
39 Toluene		4.87	
40 Xylene		4.87	
41 Zinc chloride		2.22	
42 Zinc sulfate		1.90	
43 Total Chemical Tax. Enter here and on Form 720 on the line for IRS No. 54 ▶			\$

Paperwork Reduction Act Notice

The Paperwork Reduction Act of 1980 says we must tell you why we are collecting this information, how we will use it, and whether you have to give it to us. We ask for the information to carry out the Internal Revenue laws of the United States. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

General Instructions

Purpose of this Form.—Use this form to figure the tax liability for petroleum and chemicals subject to the environmental taxes. Attach this form to Form 720, Quarterly Federal Excise Tax Return, as a supporting schedule. The tax is effective beginning April 1, 1981.

Who Must File.—The following must complete this form and pay these taxes:

For Petroleum—

1. The operator of a U.S. refinery that receives crude oil;
2. Any person that imports petroleum products for consumption, use, or warehousing; or
3. Any person using or exporting crude oil on which the environmental tax has not been paid.

For Chemicals—Any manufacturer, producer, or importer who sells or uses taxable chemicals.

When to File.—File Form 720 quarterly by the last day of the month following the end of the quarter. You may have an additional 10 days to file your return if you have made all deposits of the taxes due for the quarter on time and in full. See Form 720 for rules on depositing the taxes. If you are reporting two or more excise taxes, and they are due on different dates, you may file by the later filing date if you made all deposits on time.

Where to File.—

If your principal business, office or agency or legal residence in the case of an individual, is located in

Send your return to:
Internal Revenue
Service Center
At this address

New Jersey, New York City and counties or Nassau, Rockland, Suffolk, and Westchester Holtsville, NY 00501

New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont Andover, MA 05501

District of Columbia, Delaware, Maryland, Pennsylvania Philadelphia, PA 19255

Alabama, Florida, Georgia, Mississippi, South Carolina Atlanta, GA 31101

Michigan, Ohio Cincinnati, OH 45999

Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas Austin, TX 73301

Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming Ogden, UT 84201

Illinois, Iowa, Missouri, Wisconsin Kansas City, MO 64999

California, Hawaii Fresno, CA 93888

Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia Memphis, TN 37501

If you have no legal residence, principal place of business or principal office or agency in any Internal Revenue district, file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

Definitions

Barrel.—42 U.S. gallons.

Crude oil.—includes crude oil condensates and natural gasoline.

Domestic crude oil.—any crude oil produced from a well located in the United States.

Petroleum product.—includes crude oil. Refineries that produce natural gasoline.—means any U.S. refinery that produces natural gasoline from natural gas. This gasoline is treated as having been received at the refinery at the time it is produced.

United States.—includes the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, any U.S. possession, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, the Continental Shelf areas, and any foreign trade zone of the U.S.

U.S. Refinery.—any facility in the U.S. where crude oil is refined.

Exemptions.—crude oil used for extracting oil or natural gas on the premises where the crude oil was produced is exempt from the tax.

Importer.—any person importing the taxable chemical or petroleum product into the U.S. for consumption, use, or warehousing.

Ton.—means 2,000 pounds. If the chemical is a gas, the term "ton" means the amount of gas (in cubic feet) which equals 2,000 pounds. You must take the number of cubic feet of the gas and convert it into pounds. For example, to compute the taxable tons of ammonia you must multiply the cubic feet of ammonia by .0482 (pounds per cubic foot) and divide the answer by 2,000.

Part I—Tax on Petroleum

Fractional barrels are taxed at a proportionate rate using the fraction produced by the number of gallons involved over 42 gallons and then applying the fraction against the price per barrel.

Products may only be taxed once. If an environmental tax has been paid on an item, it cannot be reimposed on a subsequent person who would ordinarily be liable for the tax.

The provisions of sections 7652(a)(3) and 7652(b)(3) relating to revenues from Puerto Rico and the Virgin Islands do not apply to environmental taxes.

Part II—Tax on the Sale or Use of Certain Chemicals

The list of taxable chemicals is on page 1 of this return. The direct use of ammonia as a fertilizer is not taxable.

CONVERSION TABLE

Density of Gases at Standard Conditions (0°C., 1 atm) Pounds per cubic foot

Ammonia . . .0482	Chlorine . . .2011
Acetylene . . .0732	Ethylene . . .0783
Butane . . .1686	Methane . . .0448
Butylene . . .1665	Propylene . .1194

Exceptions.—

No environmental tax shall be imposed:

1. on methane or butane if it is used as a fuel. The person using the chemical for the taxable purpose (non-fuel use) is then considered to be the manufacturer and is liable for filing the return and paying the tax.
2. on nitric acid, sulfuric acid, ammonia, or methane which is used in the production of ammonia, and is
 - (a) used in the manufacture of fertilizer by the manufacturer, producer, or importer;

(b) sold for use in the manufacture of fertilizer by the purchaser; or

(c) sold for resale by the purchaser to a second purchaser for use in the manufacture of fertilizer.

3. on sulfuric acid produced solely as a byproduct of, and on the same site as, air pollution control equipment.
4. on any substance to the extent derived from coal.

If the environmental tax is paid on any taxable chemical and that chemical is later used to manufacture or produce any other substance subject to the environmental tax an amount equal to the tax paid will be allowed as a credit or refund. If an environmental tax has been paid on nitric acid, sulfuric acid, ammonia, or methane used to make ammonia and any person later uses that substance or sells it for use as a fertilizer or in the manufacture of fertilizer, an amount equal to the excess of the tax actually paid over the amount of tax which was due will be allowed as a credit or refund. Credits may be taken on line 2 of Form 720. Form 843, Claim, should be used to claim a refund. In both instances the credit or refund (without interest) is allowable as if it were an overpayment of an environmental tax.

Specific Instructions

Name.—Enter the name that will be shown on Form 720 as the taxpayer.

Employer identification number.—Enter the employer identification number shown on Form 720.

S.I.C. number.—Enter the four-digit code number that best describes the activity that results in your having to report and pay the environmental tax. See Notice 603 for a listing of these code numbers.

Part I.—Enter on:

Line 1.—The number of barrels of crude oil received at the refinery.

Line 2.—The number of barrels on which the tax has been paid. For example, crude oil imported into the U.S. and the tax was paid then later delivered to a refinery. Your records must show that the tax was previously paid. A statement from the person who paid the tax that the tax has been paid will fulfill this requirement.

Line 3.—Subtract line 2 from line 1. This will be the number of barrels that are subject to the tax. Enter this amount in column (a) of line 3. Line 3 column (b) is the tax rate. Multiply column (a) by column (b) and enter the tax liability in column (c).

Line 4.—The number of barrels of petroleum products entered into the U.S. Enter this figure in column (a), multiply it by the tax rate in column (b) and enter the tax liability in column (c).

Line 5.—Repeat the procedure for line 4.

Line 6, column (c).—Add the figures on lines 3c, 4c, and 5c, and enter the total on line 6, column (c). This figure must also be shown on the line for IRS No. 53 on Form 720.

Part II.—Enter on:

Line 1, column (a).—The number of tons sold or used. If the chemical is in a gaseous form, see the conversion table above.

Line 1, column (c).—The amount of tax due. Multiply the figure in column (a) by the tax rate in column (b).

Lines 2 through 42.—Repeat the procedure shown for line 1 on the appropriate line for any other chemical you have sold or used.

Line 43, column (c).—Add the figures on lines 1 through 42 and enter the total tax due on chemicals. This figure must also be shown on the line for IRS No. 54 on Form 720.