

# Environmental Taxes

▶ See instructions.  
▶ Attach to Form 720.

Name (as shown on Form 720)	Date quarter ended	Employer identification number	S.I.C. number
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<b>Part I Tax on Petroleum</b>	(a) Barrels	(b) Rate	(c) Tax
1 Crude oil received at a U.S. refinery . . . . .			
2 Crude oil taxed prior to receipt at refinery . . . . .			
3 Taxable crude oil (subtract line 2 from line 1) . . . . .		\$ .082 bbl.	\$
4 Crude oil used in or exported from the U.S. before the tax was imposed . . . . .		\$ .082 bbl.	\$
5 Total domestic petroleum tax (add lines 3 and 4). Enter here and on Form 720 on the line for <b>IRS No. 53</b> . . . . . ▶			\$
6 Tax on petroleum products imported into the U.S. Enter here and on Form 720 on the line for <b>IRS No. 16</b> . . . . . ▶		\$ .117 bbl.	\$

<b>Part II Tax on the Sale or Use of Certain Chemicals</b>							
Chemical (General Formula or Symbol)	(a) Tons	(b) Rate	(c) Tax	Chemical (General Formula or Symbol)	(a) Tons	(b) Rate	(c) Tax
1 Acetylene (C <sub>2</sub> H <sub>2</sub> ) . . . . .		\$ 4.87		22 Hydrochloric acid (HCl) . . . . .		0.29	
2 Ammonia (NH <sub>3</sub> ) . . . . .		2.64		23 Hydrogen fluoride (HF). . . . .		4.23	
3 Antimony (Sb) . . . . .		4.45		24 Lead oxide (PbO) . . . . .		4.14	
4 Antimony trioxide (Sb <sub>2</sub> O <sub>3</sub> ) . . . . .		3.75		25 Mercury (Hg) . . . . .		4.45	
5 Arsenic (As) . . . . .		4.45		26 Methane (CH <sub>4</sub> ) . . . . .		3.44	
6 Arsenic trioxide (As <sub>2</sub> O <sub>3</sub> ) . . . . .		3.41		27 Naphthalene (C <sub>10</sub> H <sub>8</sub> ) . . . . .		4.87	
7 Barium sulfide (BaS) . . . . .		2.30		28 Nickel (Ni) . . . . .		4.45	
8 Benzene (C <sub>6</sub> H <sub>6</sub> ) . . . . .		4.87		29 Nitric acid (HNO <sub>3</sub> ) . . . . .		0.24	
9 Bromine (Br) . . . . .		4.45		30 Phosphorus (P) . . . . .		4.45	
10 Butadiene (C <sub>4</sub> H <sub>6</sub> ) . . . . .		4.87		31 Potassium dichromate (K <sub>2</sub> Cr <sub>2</sub> O <sub>7</sub> ) . . . . .		1.69	
11 Butane (C <sub>6</sub> H <sub>10</sub> ) . . . . .		4.87		32 Potassium hydroxide (KOH) . . . . .		0.22	
12 Butylene (C <sub>4</sub> H <sub>8</sub> ) . . . . .		4.87		33 Propylene (C <sub>3</sub> H <sub>6</sub> ) . . . . .		4.87	
13 Cadmium (Cd) . . . . .		4.45		34 Sodium dichromate (NaCr <sub>2</sub> O <sub>7</sub> ) . . . . .		1.87	
14 Chlorine (Cl) . . . . .		2.70		35 Sodium hydroxide (NaOH) . . . . .		0.28	
15 Chromite (Mg, Fe <sub>2</sub> +) (Cr, Al, Fe <sub>3</sub> +) <sub>2</sub> O <sub>4</sub> . . . . .		1.52		36 Stannic chloride (SnCl <sub>4</sub> ) . . . . .		2.12	
16 Chromium (Cr) . . . . .		4.45		37 Stannous chloride (SnCl <sub>2</sub> ) . . . . .		2.85	
17 Cobalt (Co) . . . . .		4.45		38 Sulfuric acid (H <sub>2</sub> SO <sub>4</sub> ) . . . . .		0.26	
18 Cupric oxide (CuO) . . . . .		3.59		39 Toluene (C <sub>7</sub> H <sub>8</sub> ) . . . . .		4.87	
19 Cupric sulfate (CuSO <sub>4</sub> ) . . . . .		1.87		40 Xylene (C <sub>8</sub> H <sub>10</sub> ) . . . . .		10.13	
20 Cuprous oxide (Cu <sub>2</sub> O) . . . . .		3.97		41 Zinc chloride (ZnCl <sub>2</sub> ) . . . . .		2.22	
21 Ethylene (C <sub>2</sub> H <sub>4</sub> ) . . . . .		4.87		42 Zinc sulfate (ZnSO <sub>4</sub> ) . . . . .		1.90	
<b>43 Total Chemical Tax.</b> Enter here and on Form 720 on the line for <b>IRS No. 54</b> . . . . . ▶							\$

<b>Part III Tax on Imported Chemical Substances</b>					
(a) Imported chemical substance	(b) Tons	(c) Taxable chemical used in manufacture of substance	(d) Conversion factor, percentage of metal, or appraised value	(e) Rate	(f) Tax
1					
2					
3					
4					
5					

**6 Total imported chemical substance tax.** Enter here and on Form 720 on the line for **IRS No. 17** . . . ▶ \$

## General Instructions

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers 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.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 25 hrs., 7 min.
- Learning about the law or the form** . . . . . 22 min.
- Preparing the form** . . . . . 1 hr., 43 min.
- Copying, assembling, and sending the form to IRS** . . . . . 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions for **Form 720**, Quarterly Federal Excise Tax Return.

**Purpose of Form.**—Use this form to figure the tax liability for petroleum, chemicals, and imported chemical substances subject to the environmental taxes. Attach this form to Form 720 as a supporting schedule. See Pub. 510 for more information on environmental taxes.

**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. The person that enters imported petroleum products for consumption, use, or warehousing; or
3. The person using or exporting crude oil on which the tax has not been paid.

*For chemicals—*The manufacturer, producer, or importer who sells or uses taxable chemicals.

*For imported chemical substances—*The importer who sells or uses imported taxable chemical substances.

**When To File.**—File Form 6627 as an attachment to 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 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.**—See *Where To File* in the Form 720 instructions for addresses of service centers where Forms 6627 and 720 must be filed.

### 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.

Petroleum products are taxed only once. If a petroleum tax has been paid on an item, it cannot be reimposed on a subsequent person who would ordinarily be liable for the tax.

**Credit When Crude Oil Is Returned to Pipeline.**

—A credit is allowed if an operator of a U.S. refinery removes crude oil from a pipeline and returns a portion of crude oil into a stream of other crude oil in the same pipeline. The credit is the rate of tax of the crude oil removed times the number of barrels of crude oil returned to the pipeline.

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

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

The list of taxable chemicals is on page 1 of this form.

Metals listed on page 1 are taxable only when they are processed to a stage where they are

commercially known or sold as metal. Consequently, ores (other than chromite), concentrates, alloys, and scrap of any metal listed as taxable are not taxable.

Xylene does not include any separated isomer of xylene, except for the import or export of any substance.

#### 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

### Part III—Tax on Imported Chemical Substances

The following imported chemical substances are taxable:

- acetone
- acrylic and methacrylic acid resins
- acrylonitrile
- ammonium nitrate
- carbon tetrachloride
- chloroform
- chromic acid
- cumene
- cyclohexane
- ethyl alcohol for nonbeverage use
- ethyl methyl ketone
- ethylbenzene
- ethylene dichloride
- ethylene glycol
- ethylene oxide
- ferrochrome or 3 pct. carbon
- ferrochromium nov 3 pct.
- ferro-nickel
- formaldehyde
- hydrogen peroxide
- isophthalic acid
- isopropyl alcohol
- maleic anhydride
- melamine
- methanol
- methylene chloride
- nickel oxide
- nickel powders
- nickel waste and scrap
- phenolic resins
- phthalic anhydride
- polybutadiene
- polyethylene resins (total)
- polypropylene
- polypropylene resins
- polystyrene
- homopolymer resins
- polystyrene resins and copolymers
- polyvinylchloride resins
- propylene glycol
- propylene oxide
- styrene
- styrene-butadiene (latex)
- styrene-butadiene (nspf)
- synthetic rubber (not containing fillers)
- unwrought nickel
- urea
- vinyl chloride
- vinyl resins
- vinyl resins (nspf)
- wrought nickel
- rods and wire

Certain imported taxable substances that are used as fuel, as fertilizer, or as animal feed, or that are used in the manufacture of fuel, fertilizer, or animal feed are exempt from the tax. The Internal Revenue Service will issue a notice containing additional information on imported chemical substances.

The tax is equal to the tax that would have been imposed on the taxable chemicals (listed in Part II, Form 6627) used as materials in the manufacture of the taxable chemical substance if such substance had been manufactured in the U.S. The tax is calculated by determining the number of tons of each taxable chemical used in the manufacture of one ton of the substance (the conversion factor), or by determining the percentage of metal that is a taxable chemical in the substance.

If the importer does not have sufficient information to provide the conversion factor or the percentage of metal, then the tax is based on 5% of the appraised value at the time of entry.

### 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 the Standard Industrial Classification Manual for a listing of code activity 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, enter the number of barrels of crude oil imported into the U.S. for which the tax was paid and which was 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 crude oil used in or exported from the U.S. Enter this figure in column (a), multiply it by the rate in column (b), and enter the tax liability in column (c).

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

**Line 6.**—The number of barrels of petroleum products imported 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). This figure must also be shown on the line for IRS No. 16 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 explained 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.

**Part III.**—Enter on:

**Line 1, column (a).**—The imported chemical substance. See the list of taxable substances in the instructions.

**Line 1, column (b).**—The number of tons of the taxable substance imported.

**Line 1, column (c).**—Each taxable chemical listed in Part II, Form 6627 that is used in the manufacture of the taxable substance. No entry is required in this column if you are using the appraised value to determine the tax.

**Line 1, column (d).**—The conversion factor for the chemical, the percentage of metal included in the imported substance, or the appraised value of the imported substance. (If additional space is needed for the taxable chemical, list each chemical and conversion factor or percentage on a separate sheet and attach the sheet to the return.)

**Line 1, column (e).**—The tax rate for each taxable chemical (listed in Part II) included in the imported substance or enter 5%, if you are figuring the tax based on the appraised value of the imported substance.

**Line 1, column (f).**—The amount of tax due. Multiply the number of tons in column (b) by the percentage or factor listed in column (d). Then multiply that total for each chemical included in the substance by the rate listed in column (e). If you are using the appraised value to determine the tax, multiply the appraised value in column (d) by the rate (5%) in column (e).

**Lines 2, column (a) through 5, column (e).**—Repeat the procedure explained for line 1 on any of these lines for other imported substances. (If additional lines are needed, use the same format and attach a copy to the return.)

**Line 6, column (f).**—The total tax due by adding the amounts on lines 1 through 5 (and any additional amounts on separate sheets). This amount must also be shown on the line for IRS No. 17 on Form 720.