

Instructions for Form 720

(Revised April 1991) Use these instructions with January 1991 revision of Form 720

Quarterly Federal Excise Tax Return

(Section references are to the Internal Revenue Code unless otherwise noted.)

Paperwork Reduction Act Notice.—We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. 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.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing and sending the form to IRS
720	13 hrs., 23 min.	1 hr., 28 min.	6 hrs., 33 min.
Sch. A	2 hrs., 9 min.		3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget, Paperwork Reduction Project (1545-0023)**, Washington, DC 20503. DO NOT send these tax forms to either of these offices. Instead, see the instructions below for information on where to file them.

Changes You Should Note Changes Effective After March 31, 1991

1. Changes in Deposit Rules.—Most of the rules regarding deposits of taxes reported on Form 720 have changed for calendar quarters beginning after March 31, 1991. Deposits are to be made semimonthly regardless of the dollar amount. There is a general safe harbor rule that allows for deposits of 1/6 (16.67%) of the second previous quarter's net liability. There is a special safe harbor rule for new filers of Form 720. See **Payment of Taxes** on page 3 for a complete explanation of the new rules.

If you are liable for the tax on foreign insurance (IRS No. 30) or the tax on obligations not in registered form (IRS No. 31), the deposits of these taxes are now due by the 9th day of the following semimonthly period. They were previously due by the 15th day. See the **9-Day Rule** on page 4 for more information.

Rules for deposits of communications and air transportation taxes based on amounts billed or tickets sold have not changed.

2. There is a new form, **Schedule A (Form 720), Excise Tax Liability**. This form is used to record the net tax liability for each semimonthly period in the quarter. This information was previously reported on line 4(a) in Part II of Form 720. Schedule A is filed with Form 720 each quarter. See Schedule A for more information.

Changes Effective After December 31, 1990

1. Luxury Taxes.—There is a 10% tax on the following luxury articles if the adjusted sales price exceeds:

Aircraft	\$250,000
Boats	100,000
Passenger vehicles.	30,000
Furs	10,000
Jewelry	10,000

See **Form 8807, Certain Manufacturers and Retailers Excise Taxes**, for more information.

2. Transfer of Firearms Taxes (IRS Nos. 32, 46, and 49).—Responsibility for the tax on pistols and revolvers, firearms (other than pistols and revolvers), and shells and cartridges has been transferred to the Bureau of Alcohol, Tobacco and Firearms (ATF). Refer to ATF Industry Circular 90-7 for further information.

3. Payment Under Section 7519 (IRS No. 11).—Form 720 is no longer used for reporting and payment of this tax. See **Form 8752, Required Payment or Refund Under Section 7519**, for further information. The filing and payment date for Form 8752 is May 15, 1991.

General Instructions

Purpose of Form.—Use Form 720 to report and pay the excise taxes listed on the form. File a return for each quarter. If you are not reporting a tax that you normally report, you must enter a zero on the appropriate line in Part I or Part II. Also, if you have no tax to report, write "None" on lines 3 and 5, page 2, Part III, and sign the return.

For Further Information.—Refer to **Pub. 510, Excise Taxes for 1991**, for more information on the taxes reported on Form 720. Pub. 510 contains definitions and examples that will help you prepare Form 720 and the related attachments.

When To File.—Except as otherwise provided in the instructions, you must file a return for each quarter of the calendar year as follows:

Quarter covered	All excise taxes other than ODCs, comm., and air trans. due by	ODCs, comm., and air trans. due by
January, February, March	April 30	May 31
April, May, June	July 31	August 31
July, August, September	October 31	November 30
October, November, December	January 31	February 28

The filing date for the fuel floor stocks tax is May 31, 1991. The filing date for the floor stocks tax on ODCs is August 31, 1991.

If any due date for filing a return falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next day that is not a Saturday, Sunday, or legal holiday.

If you are reporting two or more excise taxes and they are due on different dates, use the later filing date. **File only one return each quarter.**

Where To File.—

If your principal business, office or agency, or legal residence in the case of an individual, is located in	File with the Internal Revenue Service Center at
Florida, Georgia, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
California (all other counties), Hawaii	Fresno, CA 93888
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	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.

Records.—Keep copies of your tax return, records, and accounts of all transactions to show that the correct tax has been paid. Keep records to support all adjustments claimed and all exemptions at least 4 years from the latest of the following dates: (1) when the tax became due, (2) when you paid the tax, (3) when you claimed an adjustment, or (4) when you filed a claim for a refund. Your records must be available at all times for IRS inspection.

Penalties and Interest.—Avoid penalties and interest by filing returns and depositing and paying taxes when due. The law provides penalties for filing a return late; depositing taxes late; paying taxes late; willfully failing to collect and pay tax, keep records, or file a return; negligence; and fraud. These penalties

are in addition to the interest charge on late payments.

Specific Instructions

Name, Address, and Employer Identification Number.

—The first time you file Form 720, enter the required information. After that, the IRS will mail you a Package 720 with a preprinted label every 3 months. Please use the preprinted label on your form. Include the suite, room, or other unit number after the street address on the label.

If you are not using a label, type or print your name, address (include the suite, room, or other unit number), quarter ending date (month and year), and employer identification number (EIN). Do not use an EIN of a former owner of the business. For information on applying for an EIN or filing a return if the EIN has not been received, see **Pub. 583, Taxpayers Starting a Business**.

Final Return.—If you are required to file Form 720 and you: (1) go out of business, (2) will not be liable for excise taxes reportable on Form 720 in future quarters, or (3) stop collecting and paying over air transportation and communications taxes reportable on Form 720, you must file a final return. Check the box on the final return line above Part I. Do not file a final return if you are temporarily out of business.

Part I

Tax Computation Columns.—Figure the tax for all items that apply in Part I. Add the amounts in the "Tax" column and enter the total on line 1, Part I. Do not enter adjustments in the tax column. See the instructions for adjustments on page 3.

Environmental Taxes

Form 6627, Environmental Taxes, must be used to compute the liability for these taxes and must be attached to Form 720 each quarter. The tax rates for the environmental taxes are shown on Form 6627.

From Form 6627	Enter on Form 720
Part I, line 5, col. (c)	IRS No. 53
Part I, line 6, col. (c)	IRS No. 18
Part I, line 7, col. (c)	IRS No. 16
Part I, line 8, col. (c)	IRS No. 21
Part II, line 43, col. (c)	IRS No. 54
Part III, line 6, col. (f)	IRS No. 17
Part IV, line 6, col. (f)	IRS No. 19

Communications and Air Transportation Taxes

Who Must File.—The person receiving the payment for communications or air transportation services is required to collect and pay over the tax.

a. Communications services (IRS No. 22).—Enter the amount of tax collected for the quarter. The tax is 3% of amounts paid for toll telephone service, teletypewriter exchange service, and local telephone service.

b. Transportation of persons by air (IRS No. 26).—Enter the amount of tax collected for the quarter. The tax is 10% of amounts paid for taxable transportation of persons by air, including amounts paid for related seating or sleeping accommodations, layover or waiting time, and movement of aircraft in deadhead service.

c. Transportation of property by air (IRS No. 28).—Enter the amount of tax collected for the

quarter. The tax is 6.25% of amounts paid for transportation of property by air.

d. International air travel facilities (IRS No. 27).—Enter the amount of tax collected for the quarter. The tax is \$6 per person.

Fuel Taxes

Form 8743, Information on Fuel Inventories and Sales, must be used to compute the number of gallons subject to tax and must be attached to Form 720 each quarter. Transfer the number of gallons from line 8 of Form 8743 to the line for each fuel on Form 720. See Form 720 for the rates for each fuel. See the instructions on Form 8743 for more information.

a. Special motor fuels (IRS No. 61).—A \$.141 a gallon tax applies to special motor fuels sold for use or used in a motor vehicle or boat (other than a commercial fishing boat). Special motor fuels include benzol, benzene, naphtha, liquid petroleum gas (not subject to the \$.001 a gallon LUST tax), casinghead and natural gasoline, and any other liquid fuel (except gasoline, kerosene, gas oil, fuel oil, and diesel fuel).

b. Other alcohol fuels (IRS No. 79).—Report the tax for the following fuels on this line:

Fuel	Tax Rate per Gallon
Qualified ethanol	\$.0865
Qualified methanol . . . . .	.0805
Qualified methanol and ethanol produced from natural gas . . . . .	.0710
Gasohol containing methanol . . . . .	.0810
Gasoline sold for gasohol containing methanol . . . . .	.0900
Special motor fuels/alcohol mixture containing ethanol . . . . .	.0870
Special motor fuels/alcohol mixture containing methanol . . . . .	.0810
Diesel/alcohol mixture containing ethanol . . . . .	.1470
Diesel sold for diesel/alcohol mixture containing ethanol . . . . .	.1633
Diesel/alcohol mixture containing methanol . . . . .	.1410
Diesel sold for diesel/alcohol mixture containing methanol . . . . .	.1566
Aviation fuel/alcohol mixture containing ethanol . . . . .	.0410
Aviation fuel sold for aviation/alcohol mixture containing ethanol . . . . .	.0467
Aviation fuel/alcohol mixture containing methanol . . . . .	.0360
Aviation fuel sold for aviation/alcohol mixture containing methanol . . . . .	.0399

Use a separate column on Form 8743 for each fuel if you are reporting more than one fuel on the other alcohol fuels line.

c. Alcohol sold as but not used as fuel (IRS No. 51).—Alcohol, either mixed or straight, designated for use as fuel is eligible for a credit. **Form 6478, Credit for Alcohol Used as Fuel,** is used to compute the credit. If the credit was determined and any person later either (1) uses a mixture or straight alcohol for a purpose other than fuel, (2) separates the alcohol from the mixture, or (3) mixes the straight alcohol, an excise tax is imposed. The tax is \$.54 a gallon (\$.64 a gallon if the alcohol benefited from the small ethanol producer credit) for each gallon of alcohol that is at least 190 proof and \$.40 a gallon (\$.50 a gallon if the alcohol benefited from the small ethanol producer credit) for each gallon of alcohol that

is at least 150 proof but less than 190 proof. Do not complete Form 8743 when reporting this tax.

Luxury Taxes

Aircraft, boats, passenger vehicles, furs, and jewelry (IRS Nos. 90, 91, 92, 93, and 94).—Compute the tax on Form 8807, Certain Manufacturers and Retailers Excise Taxes, and attach it to Form 720. See the instructions on Form 8807 for more information.

From Form 8807	Enter on Form 720
Part II, line 6, col. (a)	IRS No. 90
Part II, line 6, col. (b)	IRS No. 91
Part II, line 6, col. (c)	IRS No. 92
Part II, line 6, col. (d)	IRS No. 93
Part II, line 6, col. (e)	IRS No. 94

Aircraft Tax Imposed on Purchaser for Failure to Provide Certification of Business Use.—An aircraft that is used 80% or more in a trade or business may be purchased free of the luxury tax. A statement certifying the 80% or more business use must be attached to the purchaser's income tax returns for the first 2 tax years ending after the date the aircraft was placed in service. If this statement is not attached to the income tax return for each of the 2 years, the luxury tax on the aircraft will be imposed on the due date (including extensions) of the income tax return to which the statement is not attached. This tax must be paid by the purchaser of the aircraft. Forms 720 and 8807 must be filed for the quarter in which the due date of the income tax return falls. If this luxury tax is the only reason the taxpayer is required to file Form 720, the one-time filing rules apply and the tax is paid when filing Form 720. See **One-Time Filings, Special Rules** on page 4. If the taxpayer otherwise has to file Form 720 for the quarter, the tax must be deposited. See **Payment Of Taxes** on page 3. The taxpayer must also pay interest, figured at the underpayment rate under section 6621 and compounded daily, on the tax from the date of purchase of the aircraft until the date the tax is paid. Taxpayers who fail to pay the tax when due cannot claim any depreciation on the aircraft.

Use Part II of Form 8807 and Worksheet I in the instructions for Form 8807 to compute the aircraft luxury tax. Enter the amount of tax due on line 6 of Part II, and transfer this amount to the line for IRS No. 90 on Form 720. Write "Section 4003(c)(3) interest" and the amount of interest due beneath the entry space for line 16 on page 2 of Form 720.

Retail Tax

Truck, trailer, and semitrailer chassis and bodies; tractors (IRS No. 33).—Compute the tax on Form 8807 and attach it to Form 720.

Enter the amount from Form 8807, Part I, line 8 on the line for IRS No. 33.

Ship Passenger Tax

Transportation by water (IRS No. 29).—A tax is imposed on the operator of commercial ships. The tax is \$3 for each passenger on a commercial passenger ship that has berth or stateroom accommodations for at least 17 passengers if the trip is for at least one night. The tax also applies to passengers on any commercial ship that transports passengers engaged in gambling beyond the territorial waters of the United States.

Enter the number of passengers for the quarter on the line for IRS No. 29.

Manufacturers Taxes

Caution: Do not include the excise tax on coal in the sales price when determining which tax rate to use.

a. Underground mined coal (IRS Nos. 36 and 37).—The tax on underground mined coal is the lower of \$1.10 per ton or 4.4% of the sales price. Enter on the line for IRS No. 36 the number of tons of underground mined coal sold at \$25 or more per ton. Enter on the line for IRS No. 37 the total sales price for all sales of underground mined coal sold at a selling price of less than \$25 per ton.

b. Surface mined coal (IRS Nos. 38 and 39).—The tax on surface mined coal is the lower of \$.55 per ton or 4.4% of the sales price. Enter on the line for IRS No. 38 the number of tons of surface mined coal sold at \$12.50 or more per ton. Enter on the line for IRS No. 39 the total sales price for all sales of surface mined coal sold at a selling price of less than \$12.50 per ton.

c. Highway-type tires (IRS No. 66).—The tax applies only to highway-type tires and is as follows:

1. For tires weighing more than 40 pounds but not more than 70 pounds—15¢ a pound for each pound over 40 pounds.
2. For tires weighing more than 70 pounds but not more than 90 pounds—\$4.50 PLUS 30¢ a pound for each pound over 70 pounds.
3. For tires weighing more than 90 pounds—\$10.50 PLUS 50¢ a pound for each pound over 90 pounds.

Compute the tax for each tire sold and enter the total for the quarter on the line for IRS No. 66.

d. Gas guzzler tax (IRS No. 40).—Compute the tax on Form 6197, Gas Guzzler Tax, and report it quarterly on Form 720. File Form 6197 annually with the fourth quarter Form 720.

From Form 6197	Enter on Form 720
Line 13, col. (e)	1st quarter
Line 13, col. (g)	2nd quarter
Line 13, col. (i)	3rd quarter
Line 13, col. (k)	4th quarter

See the instructions on Form 6197 for more information.

e. Vaccine tax (IRS Nos. 81, 82, 83, and 84).—Enter the number of doses of each vaccine on Form 720. The taxable vaccines are:

1. DPT (diphtheria, pertussis, and tetanus)
2. DT (diphtheria-tetanus)
3. MMR (measles, mumps, and rubella)
4. Polio

Other Excise Taxes

a. Policies issued by foreign insurers (IRS No. 30).—Enter the amount of premiums paid during a quarter on policies issued by foreign insurers. Multiply the premium paid by the rates listed on Form 720 and enter the total for the three types of insurance on the line for IRS No. 30.

Treaty-based return positions under section 6114.—Foreign insurers and reinsurers who take the position that a treaty of the United States overrules, or otherwise modifies, an Internal Revenue law of the United States must disclose such position. This disclosure must be made once a year on a statement filed with the first quarter Form 720, which is due before May 1, 1991. The statement must report the

payments of premiums that are exempt from the excise tax on policies issued by foreign insurers.

How to file.—Send the Form 720 with the attached statement to: Internal Revenue Service, P.O. Box 21086, Philadelphia, PA 19114. At the top of Form 720 write "Section 6114 Treaty." You need an employer identification number (EIN) to file Form 720. If you do not have an EIN, get Form SS-4, Application for Employer Identification Number, for instructions on how to apply for an EIN. Provided you have no other transactions reportable on Form 720, check the "Final Return" box on page 1, write "None" on lines 1, 3, and 5, and sign the return.

b. Obligations not issued in registered form (IRS No. 31).—Enter the principal amount of the obligation multiplied by the number of calendar years (or portion thereof) during the period beginning on the issue date and ending on the maturity date on the line for IRS No. 31.

Part II

Tax computation columns.—Figure the tax for all items that apply in Part II. Add the amounts in the "Tax" column and enter the total on line 2, Part II. Do not enter adjustments in the tax column. See the instructions below for adjustments.

a. Bows and arrows, sport fishing equipment, electric outboard motors, and sonar devices (IRS Nos. 41, 42, and 44).—Compute the tax on Form 8807 and attach it to Form 720. See the instructions on Form 8807 for more information.

From Form 8807	Enter on Form 720
Part I, line 8, col. (b)	IRS No. 41
Part I, line 8, col. (c)	IRS No. 42
Part I, line 8, col. (d)	IRS No. 44

b. Inland waterways fuel use (IRS No. 64).—Compute the number of gallons of fuel subject to tax on Form 8743 and attach this form to Form 720. Transfer the number of gallons from line 11 of Form 8743 to the line for IRS No. 64.

c. Fuel floor stocks tax (IRS Nos. 65, 67, 72, 85, 70, 87, and 86).—Enter the number of taxable gallons of each fuel that was in your inventory on December 1, 1990. The tax must be paid by May 31, 1991. Do not complete Form 8743 when reporting this tax.

For the following other alcohol fuels, enter the number of gallons on the line for IRS No. 86:

Fuel	Tax Rate per Gallon
Gasoline sold for gasohol containing methanol	\$.0566
Diesel/alcohol mixture containing ethanol . . . . .	.0500
Diesel sold for diesel/alcohol mixture containing ethanol . . . . .	.0622
Diesel sold for diesel/alcohol mixture containing methanol . . . . .	.0566

Attach a schedule showing the number of taxable gallons of each fuel if you are reporting more than one fuel on the other alcohol fuels (floor stocks) line.

d. Ozone-Depleting Chemicals (ODCs) floor stocks tax (IRS No. 20).—Form 6627 must be used to compute the liability for this tax and must be attached to Form 720 for the second quarter of 1991. The payment date is June 30, 1991, and the filing date is August 31, 1991. This payment must be deposited at an

authorized depository. See **How To Make Deposits** below.

Enter the amount from Form 6627, Part V, line 6, column (d) on the line for IRS No. 20.

Part III

Schedule A (Form 720), Excise Tax Liability, is a new form that is used to record net tax liabilities for each semimonthly period in a quarter. This form is filed with Form 720 each quarter. See the instructions on Schedule A for more information.

Line 4, Adjustments.—Generally, you may make adjustments for taxes reported on Form 720. These adjustments may be to correct math errors or to adjust payments of tax on transactions, charges, or processings that are entitled to be made tax free.

Note: If you are due a credit for taxes reported on the form, you may claim a credit on line 4 up to the amount of the total tax for the quarter. You should use Form 843, Claim for Refund and Request for Abatement, or, if applicable, Form 4136, Credit for Federal Tax on Fuels, to obtain any remaining refund or credit.

On line 4, enter the total of any adjustments claimed. If an amount is included on line 4, a statement must be attached for each adjustment claimed.

Note: If you do not attach a statement explaining the adjustment, it will delay the processing of your return. If the adjustment is a credit, it may be disallowed until the statement is provided.

The attached statement must include the following information:

- The IRS Nos. on Form 720 being adjusted.
- An explanation of why you are claiming a reduction in tax or reporting additional tax. Include in your explanation the type of business operation, such as a manufacturer or an importer.
- A statement that you have the required supporting evidence.
- The amount of reduction claimed or additional tax reported for each IRS No.
- If the adjustment is a credit for a tax you previously reported on Form 720, indicate when the return was filed reporting the tax. If the adjustment is reporting additional tax, indicate the quarters in which the tax should have been reported.

See the applicable regulations for the circumstances under which you may make adjustments and the evidence you need to support adjustments.

Lines 6–11.—Only complete lines 6–11 if you have an entry on line 1 of Part I AND line 2 of Part II. Report any adjustment for Part I taxes included on line 4 again on line 7. Report any adjustment for Part II taxes included on line 4 again on line 10.

Lines 13 and 16, Overpayment.—If you deposited more than the amount you owed for a quarter, you may have the overpayment applied to your next return or refunded to you. Enter the amount in the space on line 16. Enter on line 13 of your next return the amount you want to have applied to that return.

Caution: If you owe other Federal tax, interest, or penalty, the overpayment on line 16 will be applied to the unpaid amounts.

Payment of Taxes

How To Make Deposits

You must make deposits at an authorized depository or the Federal Reserve bank serving the area in which you are located.

Generally, deposits of excise taxes are required. However, no deposits are required for the taxes listed in Part II of Form 720. These taxes are payable with the return. No deposits are required for one-time filings.

To avoid a penalty, make your deposits timely and do not mail your deposits directly to the IRS. Records of your deposits will be sent to the IRS for crediting to your business accounts.

If any due date for making a deposit falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next day that is not a Saturday, Sunday, or legal holiday.

Deposit Federal excise tax payments with a Form 8109, Federal Tax Deposit Coupon. See the instructions in the coupon book for additional information. If you do not have a coupon book, please contact your IRS district office.

When To Make Deposits

There are new deposit rules for quarters beginning after March 31, 1991. Deposits must be made semimonthly for all taxes reported on Form 720 that are subject to deposit requirements, regardless of the amount of liability. Generally, these taxes are listed in Part I of Form 720. The monthly deposit rules have been eliminated. The only exceptions to the deposit rules for taxes listed in Part I are one-time filings of the gas guzzler tax and luxury tax. See the instructions for **One-Time Filings** below.

Semimonthly Period.—A semimonthly period is the first 15 days of a month or the 16th through the last day of a month.

The 9-Day Rule.—Generally, deposits for taxes listed in Part I of Form 720 for a semimonthly period are due by the 9th day of the following semimonthly period. Usually, this will be the 9th day of a month and the 24th day of a month. The 9-day rule applies to communications and air transportation taxes if the deposit is based on the amount of tax collected during a semimonthly period. See **Communications and Air Transportation Taxes** below for the deposit due date if the deposits are based on amounts billed or tickets sold.

If you are depositing more than one 9-day-rule tax, combine the deposit for each tax and make one deposit for the semimonthly period.

The 30-Day Rule.—Deposits of the ODCs tax (IRS No. 19) for a semimonthly period are due by the end of the second following semimonthly period.

The 14-Day Rule.—This rule only applies to the gasoline tax (IRS Nos. 62, 58, and 59). If a qualified person makes a deposit of gasoline tax by means of a transfer between accounts in a Government depository, the deposit for a semimonthly period is due by the 14th day of the following semimonthly period. However, if the due date of the deposit falls on a Saturday, Sunday, or a legal holiday in the District of Columbia, the due date will be the immediately preceding day that is not a Saturday, Sunday, or legal holiday in the District of Columbia.

A qualified person is an independent refiner or a person whose average daily production of crude oil for the preceding calendar quarter was 1,000 barrels or less.

Special Rule for Semimonthly Deposits of Gasoline Taxes for September.—You must

deposit gasoline taxes for the period beginning September 16 and ending September 22 by September 27. Deposit the tax for the period beginning September 23 and ending September 30 on the normal due date for the semimonthly period.

Amount To Deposit

Deposits for a semimonthly period generally must equal the amount of net tax liability incurred during that period or the amount of tax collected during that period. See **Communications and Air Transportation Taxes** below for the amount to deposit if the deposits are based on amounts billed or tickets sold.

Safe Harbor Rules.—The four semimonthly deposit exceptions have been eliminated. Instead, there is one general safe harbor rule and one special safe harbor rule for new filers of Form 720.

The general rule applies to persons that filed a Form 720 for the second calendar quarter preceding the current quarter (the look-back quarter). Persons that filed for the look-back quarter are considered to meet the semimonthly deposit requirement if:

1. The deposit for each semimonthly period in the current quarter is not less than 1/6 (16.67%) of the net tax liability reported for the look-back quarter;
2. Each deposit is timely made at an authorized Government depository; and
3. Any underpayment for the current quarter is paid by the due date of the return. However, if the due date of the return is extended because you report taxes with a different return due date, you must deposit on the earlier due date any underpayment for taxes ordinarily reported on the earlier date.

All three requirements must be satisfied for the safe harbor rule to apply.

The special safe harbor rule applies to new filers of Form 720. New filers are considered to meet the semimonthly deposit requirement for the current quarter if:

1. The deposit for each semimonthly period in the current quarter is not less than 90% of the net tax liability reported for that semimonthly period;
2. Each deposit is timely made at an authorized Government depository; and
3. Any underpayment for the current quarter is paid by the due date of the return.

All three requirements must be satisfied for the safe harbor rule to apply.

Communications and Air Transportation Taxes

The semimonthly deposit for communications and air transportation taxes may be computed on the basis of amounts billed or tickets sold rather than on amounts actually collected. If you use this method, the deposit due dates and safe harbor rules are different than the rules for deposits based on the amount of tax actually collected.

If the amount to deposit for a semimonthly period is computed on the basis of amounts billed for communications services or tickets sold for domestic air transportation of persons,

that amount is considered collected during the first week of the second following semimonthly period. Deposit the tax within 3 banking days after the end of the first week of the second following semimonthly period.

If the amount to deposit for a semimonthly period is computed on the basis of tickets sold for air transportation of property or use of international air travel facilities, that amount is considered collected during the second following semimonthly period. Deposit the tax within 3 banking days after the end of the second following semimonthly period.

In determining banking days, do not count local banking holidays observed by depositories or Saturdays, Sundays, and legal holidays.

One-Time Filings, Special Rules

If you import for personal use a gas guzzling automobile or an article subject to the luxury tax, you may be eligible to make a one-time filing of Form 720 and Form 6197 and/or Form 8807. You may make a one-time filing to report the gas guzzler tax or the luxury tax if you meet all three of the following conditions:

1. You do not use the automobile or luxury article in the course of any trade or business;
2. You do not import gas guzzling automobiles or luxury articles in the course of your trade or business; and
3. You are not required to file Form 720 reporting excise taxes for the calendar quarter, except for one-time filings.

The following rules apply if you are making a one-time filing:

1. File the return for the quarter in which you incur liability for the tax. The due dates of Form 720 are:

1st quarter	April 30, 1991
2nd quarter	July 31, 1991
3rd quarter	October 31, 1991
4th quarter	January 31, 1992

2. Pay the tax with the return. No deposits are required.

3. If you are an individual and do not have an EIN, enter your social security number on Form 720 on the line for the employer identification number.

4. Check the final return box on page 1.

Example: In August 1991, A, an individual, imports an automobile into the United States and uses it for personal use. The automobile has a fuel economy rating of 15 miles per gallon, so A is liable for the gas guzzler tax. The adjusted sales price of the automobile is \$40,000, so A is also liable for the luxury tax. A does not use the automobile in the course of any trade or business, does not import gas guzzling automobiles or luxury automobiles in the course of his or her trade or business, and is not otherwise required to file a Form 720 for the calendar quarter. Therefore, A's Form 720, Form 6197, and Form 8807 for the third calendar quarter of 1991 is a one-time filing. A does not have to deposit the gas guzzler tax of \$4,500 and the luxury tax of \$1,000. Instead, A pays with the return. Also, A uses A's social security number on Form 720, Form 6197, and Form 8807 instead of applying for an employer identification number.