

INTERNAL REVENUE SERVICE

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Dear [REDACTED]

I am responding to your letter of October 19, 2000, regarding the additional semimonthly excise tax deposit required in September (the September rule) and the difficulty a large company in your district is experiencing in trying to calculate on time the amount to be deposited.

The September rule was added to the Internal Revenue Code by section 712 of the Uruguay Round Agreements Act of 1994 (Pub. L. 103-465) effective January 1, 1995. According to the House report accompanying the Act, the reason for the change was to “provide substantial additional revenue without imposing significant burdens on taxpayers or on the service providers charged with collecting the taxes.” Under the September rule, the deposit of tax for the period of September 16-26, due by October 9, must instead be made by September 29. [H.R. Rep. 103-826, pt. 1, at 176 (1994)].

Taxpayers cannot be excepted from the September rule. However, the company in your district may not be aware that the deposit for the period September 16-26 may be based on:

- Net tax liability reasonably expected to be incurred (rather than actual liability);
or
- Net tax liability in the second preceding calendar quarter (under the safe harbor rule based on look-back quarter liability).

I hope this information is helpful. If you need any additional information, please contact me or [REDACTED]

Sincerely,

Associate Chief Counsel
(Passthroughs and Special Industries)

By:

Richard A. Kocak
Chief, Branch 8