

## Items of Interest

### Changes to Excise Taxes

Announcement 98-57

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#### Purpose

To announce excise tax changes made by the Taxpayer Relief Act of 1997 (P.L. 105-34). The changes include:

- A tax on kerosene effective beginning July 1, 1998 (new **IRS No. 35** (Form 720)), and
- A floor stocks tax on kerosene held on July 1, 1998 (new **IRS No. 103** (Form 720)).

Also included in this announcement are:

- A replacement for the **Rate Table for Fuel Tax Claims** for Form 8849 (Rev. January 1997), Claim for Refund of Excise Taxes;
  - Procedures for filing a claim for the nontaxable use of kerosene and sales of kerosene by registered ultimate vendors; and
  - A reminder of delayed deposit due dates for certain taxes.
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#### Kerosene tax, New IRS No. 35

The rate for undyed kerosene is \$.244 per gallon. Generally, the rules that apply to taxable fuel apply to kerosene.

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#### Floor stocks tax on kerosene, New IRS No. 103

A floor stocks tax is:

- Imposed on kerosene held by any person on July 1, 1998.
- Imposed at a rate of \$.244 per gallon.
- Payable by deposit at an authorized depository by August 31, 1998.
- Reported on Form 720 for the third quarter, generally due October 31, 1998.

The floor stocks tax **does not apply--**

- To the extent tax on the kerosene has been or will be imposed under Code section 4081 or 4091.
- To kerosene that has been dyed by the earlier of (1) the time of sale or (2) September 30, 1998.
- To kerosene held for any exempt use.
- If the total amount of kerosene held on July 1, 1998, is not more than 2,000 gallons. Kerosene held for an exempt use is not included in figuring the 2,000-gallon threshold.

See Form 720 and its instructions.

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**Form 8849**

You may continue to use Form 8849 (Rev. January 1997) until an updated version is available. The following table shows the current rates for fuel tax claims. **Do not** use the table in the Instructions of Form 8849 (Rev. April 1997).

**Rate Table for Fuel Tax Claims** (as of 10/01/97)

Line No.	Rate	Line No.	Rate
3a	.184	7c	.4854 MCF
b	.13	8a	.15
c	.14242	b	.194
d	.15322	9a	.175
4	.184	b	.219
5a	.13	10a	.03956
b	.14242	b	.0297
c	.15322	c	.02152
6a-c	.244	11a	.1875
7a (LPG only)	.136	b	.17
b (LPG only)	.062		

**Kerosene claims**

Claims for nontaxable use of taxed kerosene and for sales by registered ultimate vendors of kerosene may be made on Form 8849 as follows:

- Use line 12, **Other Claims**, to make a claim for kerosene.
- Follow the format for line 6 on Form 8849 (Rev. January 1997).
- Registered ultimate vendors who sell the fuel for use by a state or on a farm are to provide the same information as outlined in the instructions for line 6c. See the **Instructions for Form 8849** (Rev. April 1997).

**Delayed deposits of certain excise taxes**

Any deposit of taxes on either . . .	that would be due . . .	is instead due on . . .
Fuel (all IRS Nos.) <b>or</b> Transportation of property by air	After July 31, 1998, and before Oct. 1, 1998,*	Oct. 5, 1998
Transportation of persons by air <b>or</b> Use of international air travel facilities	After Aug. 14, 1998, and before Oct. 1, 1998,*	Oct. 5, 1998

\* Includes the September rule deposit due Sept. 28 or 29