

Instructions for Form 720

(Revised July 1998)

Quarterly Federal Excise Tax Return

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



Department of the Treasury
Internal Revenue Service

General Instructions

Changes To Note

1. Tax is imposed on kerosene, IRS No. 35 (new), at \$.244 per gallon beginning July 1, 1998.

2. A floor stocks tax on kerosene, IRS No. 103 (new), is imposed on fuel held on July 1, 1998, and must be deposited on August 31, 1998.

3. Certain deposits of fuel and aviation-related taxes otherwise due in August and September have a delayed due date of October 5, 1998. See page 7.

4. The following changes apply to **Schedule C**:

a. The lines for the fuel tax claims have been rearranged to group claims with the same requirements.

b. Lines for claims for nontaxable use of undyed kerosene (line 4) and sales by registered ultimate vendors of undyed kerosene (line 7) have been added.

c. The line instructions for Schedule C fuel tax claims have been expanded to include the requirements for filing.

Purpose of Form

Use Form 720 and attachments to report and pay the excise taxes listed on the form.

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
Jan., Feb., Mar.	Apr. 30	May 31
Apr., May, June	July 31	Aug. 31
July, Aug., Sept.	Oct. 31	Nov. 30
Oct., Nov., Dec.	Jan. 31	Feb. 28

If any due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

Mail your return using the U.S. Postal Service or designated private delivery service. See **Pub. 509**, Tax Calendars for 1998, for more information.

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.**

Floor stocks taxes. Report the floor stocks tax on:

• Kerosene, IRS No. 103, on the return for the 3rd quarter of 1998. The payment is due by August 31, 1998. See page 5 for details.

• Ozone-depleting chemicals (ODCs), IRS No. 20, on the return for the 2nd quarter of each year. The tax payment is due by June 30. See page 5 for details.

Where To File

File Form 720 with the Internal Revenue Service Center, Cincinnati, OH 45999-0009.

How To File

If you are not reporting a tax that you normally report, enter a zero on the appropriate line in Part I or II (Form 720). Also, if you have no tax to report, write "None" on lines 3 and 5, page 2, Part III, and sign the return.

If you have adjustments to Part I or Part II (Form 720) taxes, do not enter adjustments in the "tax" column. See the Schedule C instructions on page 8.

One-Time Filings

If you import for personal use a gas guzzling automobile or a passenger vehicle subject to the luxury tax, you may be eligible to make a one-time filing of Form 720 and Form 6197.

You may make a one-time filing to report the gas guzzler tax or the luxury tax if you meet all of the following conditions:

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

To make a one-time filing:

1. File the return for the quarter in which you incur liability for the tax. See **When To File** on this page.

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

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

4. Check the one-time filing box above Part I on page 1 of Form 720.

Final Return

File a final return if you have been filing a Form 720 and you:

1. Go out of business,
2. Stop collecting and paying air transportation and communications taxes reportable on Form 720, or
3. Will not owe for excise taxes that are reportable on Form 720 in future quarters.

Note: If you are only filing to report zero tax and you will no longer owe excise tax in future quarters, check the final return box above Part I on page 1 of Form 720. The IRS will then stop mailing Package 720 to you each quarter.

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:

- When the tax became due,
- When you paid the tax,
- When you claimed an adjustment, or
- When you filed a claim for a refund.

Always keep your records available 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. The penalty for filing a return late will not be imposed if you can show that the failure to file a timely return is due to reasonable cause. Those filing after the due date must attach an explanation to the return to show reasonable cause.

Trust fund recovery penalty. If communications and air transportation taxes are collected but not paid over to the IRS or are willfully not collected, the trust fund recovery penalty may apply. The penalty is 100% of these taxes. The penalty may apply to you if these taxes cannot be immediately recovered from the business. The penalty may be imposed on all persons who are determined by the IRS to be **responsible** for collecting, accounting for, and paying over these taxes, and who acted **willfully** in not doing so.

A **responsible person** can be an officer or employee of a corporation, a partner or employee of a partnership, an employee of a sole proprietorship, an accountant, or a volunteer director/trustee. A responsible person may also include one who signs checks for the business or otherwise has authority to cause the spending of business funds. **Willfully** means voluntarily, consciously, and intentionally. A responsible person acts willfully if he or she knows the required actions are not being taken.

Additional Information

- **Pub. 510**, Excise Taxes for 1998, has more information on the taxes reported on Form 720. Pub. 510 contains definitions and examples that will help you prepare Form 720 and the attachments.
- **Pub. 378**, Fuel Tax Credits and Refunds, has more information on nontaxable uses.
- **Pub. 509**, Tax Calendars for 1998, has payment dates for all Federal excise taxes.

Specific Instructions

Name and Address

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 quarter. Use the preprinted label on your form. Include the suite, room, or other unit number after the street address on the label. If you did not receive a label, type or print your name, address, and quarter ending date (month and year).

P.O. box. If the Post Office does not deliver mail to the street address and you have a P.O. box, show the box number instead of the street address.

Foreign address. Enter the city, province or state, and country. Follow the country's practice for entering the postal code. Please **do not** abbreviate the country name.

Employer Identification Number (EIN)

If the EIN on the label is wrong or you did not receive a label, enter the correct number. (If you are a one-time filer, you do not need an EIN. See **One-Time Filings** on page 1.) If you do not have an EIN, you must get one. Use **Form SS-4**, Application for Employer Identification Number. You can get this form at Social Security Administration offices or by calling 1-800-TAX-FORM (1-800-829-3676). You can ask for an EIN by calling the tele-TIN phone number for your service center listed in the instructions for Form SS-4.

Part I

Environmental Taxes

Form 6627, Environmental Taxes, is used to figure the environmental taxes on:

- ODCs, IRS No. 98;
- Imported products that used ODCs as materials in the manufacture or production of the product, IRS No. 19; and
- The floor stocks tax on ODCs, IRS No. 20.

Attach Form 6627 to Form 720 each quarter. The tax rates for these taxes are shown on Form 6627 and its instructions.

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 and file the return.

Communications Services (IRS No. 22)

Enter the amount of tax collected or considered collected for the quarter. The tax is 3% of amounts paid for local telephone service, toll telephone service, and teletypewriter exchange service.

Air Transportation Taxes

Enter the amount of tax collected or considered collected for the quarter.

Transportation of persons by air (IRS No. 26). The tax is 9% for transportation beginning before October 1, 1998 (8% after September 30, 1998), of amounts paid for taxable transportation of persons by air.

To or from rural airports. The tax is 7.5% of amounts paid for taxable transportation of persons by air to or from rural airports. The domestic segment tax (see below) is not imposed on this transportation. However, special rules apply if the transportation involves more than one segment one of which does not begin or end at a rural airport. See section 4261(e).

Domestic segment tax. For any amount paid, the tax is \$1.00 per segment for transportation beginning before October 1, 1998 (\$2.00 per segment after September 30, 1998), excluding segments to or from rural airports. A segment consists of one takeoff and one landing.

Transportation of property by air (IRS No. 28). The tax is 6.25% of amounts paid for transportation of property by air.

International air travel facilities (IRS No. 27). For any amount paid, the tax is \$12 per person on all departures and arrivals. For domestic segments that begin or end in Alaska and Hawaii, the tax is \$6 per person and applies only to departures.

Fuel Taxes

First taxpayer's report. If you are reporting gallons of gasoline, diesel fuel, and kerosene that may again be subject to tax, you may need to file a first taxpayer's report. The report must contain all the information as shown in the Model Certificate C, Appendix C of Pub. 510.

The person who paid the first tax must:

- Give a copy of the first taxpayer's report to the buyer;
- File the first taxpayer's report with Form 720 for the quarter for which the report relates; and
- Write "EXCISE—FIRST TAXPAYER'S REPORT" across the top of a separate copy of the report, and by the due date of Form 720, send the copy to:

Internal Revenue Service
Cincinnati, OH 45999-0002

Diesel fuel (IRS No. 60). If you are liable for the diesel fuel tax on removal at the terminal rack, report these gallons on line (a) of IRS No. 60. If you are liable for the diesel fuel tax on events other than removal at the terminal rack, report these gallons on line (b) of IRS No. 60.

Multiply the total number of gallons subject to tax on lines (a) and (b) by \$.244 and make one entry in the tax column.

Dyed diesel fuel used in trains (IRS No. 71). Dyed diesel fuel used in a diesel-powered train is taxed at \$.0565 per gallon.

Dyed diesel fuel used in certain intercity or local buses (IRS No. 78). Dyed diesel fuel used in certain intercity or local buses is taxed at \$.074 per gallon.

Kerosene (IRS No. 35). If you are liable for the kerosene tax on removal at the terminal rack, report these gallons on line (a) of IRS No. 35. If you are liable for the kerosene tax on events other than removal at the terminal rack, report these gallons on line (b) of IRS No. 35.

Multiply the total number of gallons subject to tax on lines (a) and (b) by \$.244 and make one entry in the tax column.

Liquefied petroleum gas (LPG) (IRS No. 61). Only LPG (such as propane and butane) is reported on the line for IRS No. 61. LPG is taxed at \$.136 per gallon.

Other fuels (IRS No. 79). Use the following table to determine the tax for each gallon. Fill in the number of gallons and the appropriate rate in the **Rate** column on the line for IRS No. 79. If more than one rate applies, leave the **Rate** column blank and attach a schedule showing the rates and the number of gallons taxed at each rate.

Fuel	Tax Rate per Gallon
Liquefied natural gas.....	\$.1190
Qualified—	
Ethanol.....	.1295
Methanol.....	.1235
Partially exempt—	
Ethanol produced from natural gas.....	.1140
Methanol produced from natural gas.....	.0925
Gasoline sold for gasohol production containing at least—	
10% alcohol (methanol).....	.13778
7.7% alcohol but less than 10% alcohol (methanol).....	.14929
5.7% alcohol but less than 7.7% alcohol (methanol).....	.15885
Gasohol containing at least—	
10% alcohol (methanol).....	.1240
7.7% alcohol but less than 10% alcohol (methanol).....	.1378
5.7% alcohol but less than 7.7% alcohol (methanol).....	.1498
Special motor fuels/alcohol mixture containing—	
Ethanol.....	.1300
Methanol.....	.1240
Diesel/alcohol mixture containing—	
Ethanol.....	.1900
Methanol.....	.1840
Diesel sold for diesel/alcohol mixture containing—	
Ethanol.....	.2111
Methanol.....	.2044
Aviation fuel/alcohol mixture containing—	
Ethanol.....	.0850
Methanol.....	.0790
Aviation fuel sold for aviation/alcohol mixture containing—	
Ethanol.....	.09444
Methanol.....	.08778
Other fuels not shown.....	.1840

Gasoline (IRS No. 62). If you are liable for the gasoline tax on removal at the terminal rack, report these gallons on line (a) of IRS No. 62. If you are liable for the gasoline tax on events other than removal at the terminal rack, report these gallons on line (b) of IRS No. 62. If you are liable for the additional tax on failure to blend or later separation, report these gallons on line (c) of IRS No. 62.

Multiply the total number of gallons subject to tax on lines (a) and (b) by \$.184. Multiply the total number of gallons subject to tax on line (c) by the appropriate rate (see below). Combine the tax for lines (a), (b), and (c), and make one entry in the tax column.

Additional tax on failure to blend or later separation.

Anyone who purchases gasoline for gasohol production at one of the reduced rates (IRS No. 58, 73, and 74) and fails to blend the gasoline with alcohol is subject to an additional tax. Anyone who purchases gasohol at one of the reduced rates (IRS No. 59, 75, and 76) and later separates the gasoline from the mixture is subject to an additional tax. The additional tax rates per gallon of gasoline are:

Type of Mixture	Rate of Tax
At least 10% alcohol.....	\$.03956
At least 7.7% alcohol but less than 10% alcohol.....	.02970
At least 5.7% alcohol but less than 7.7% alcohol.....	.02152

Report the number of gallons on line **(c)** of IRS No. 62 and enter the appropriate rate in the **Rate** column of that line. If more than one rate applies, leave the **Rate** column blank and attach a schedule showing the rates and the number of gallons taxed at each rate.

Compressed natural gas (IRS No. 101). Tax is imposed on compressed natural gas (CNG) that is sold for use or used as fuel in a motor vehicle or motorboat. The rate of tax is \$.4854 per thousand cubic feet (determined at standard temperature and pressure). See Pub. 510 for a list of exempt uses of CNG and when the exemption applies.

Retail Tax

Truck, trailer, and semitrailer chassis and bodies, and tractors (IRS No. 33). The tax is 12% (.12) of the sales price on the first retail sale of each unit. The sales price of a vehicle includes certain related parts and accessories sold on or in connection with the sale of the vehicle. It applies to trucks that have a gross vehicle weight (GVW) over 33,000 pounds. It also applies to trailer and semitrailer chassis and bodies for use with a trailer or semitrailer with a GVW over 26,000 pounds. Tractors mainly used for highway transportation with a trailer or semitrailer are taxable regardless of GVW.

Tire credit. After 1997, the value of any tires sold in connection with the first retail sale is **not** excluded from the sales price subject to the 12% retail tax. However, a tax credit may be taken equal to the amount of tax on each tire. Claim the tax credit on Schedule C, line 11h.

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 over 1 or more nights. A voyage extends "over 1 or more nights" if it is longer than 24 hours. The tax also applies to passengers on any commercial ship that transports passengers engaged in gambling aboard the ship beyond the territorial waters of the United States. Enter the number of passengers for the quarter on the line for IRS No. 29.

Other Excise Tax

Obligations not in registered form (IRS No. 31). For obligations issued during the quarter, 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.

Luxury Tax

Passenger vehicles (IRS No. 92). The tax is imposed on the first retail sale of any passenger vehicle and is equal to 7% of the sales price to the extent the price exceeds \$36,000. The first retail sale includes the use or lease of a vehicle. The tax must be paid by the seller of the vehicle.

The tax generally applies to passenger vehicles having an unloaded vehicle weight of 6,000 pounds or less. The tax also applies to trucks and vans having a gross vehicle weight (the weight of the vehicle plus its maximum load) of 6,000 pounds or less. Limousines are taxable regardless of weight. The tax does not apply to taxicabs and other passenger vehicles used by the purchaser exclusively in the business of transporting persons or

property for compensation or hire, to law enforcement vehicles, public safety or public works vehicles, or emergency medical service vehicles.

Add the tax on each sale during the quarter and enter the total on the line for IRS No. 92. See Pub. 510 for more information.

Note: Also, see Pub. 510 for information on applying this tax to electric and clean-fuel burning vehicles.

Manufacturers Taxes

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

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.

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.

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.

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

Gas guzzler tax (IRS No. 40). Use **Form 6197**, Gas Guzzler Tax, to figure the liability for this tax and attach it each quarter to Form 720. The tax rates for the gas guzzler tax are shown on Form 6197.

Vaccine taxes (IRS No. 97). A tax is imposed on the sale or use of a vaccine manufactured, produced, or entered into the United States at \$.75 per dose if it:

- Contains diphtheria toxoid, tetanus toxoid, pertussis bacteria, extracted or partial cell bacteria, specific pertussis antigens, or polio virus;
- Is against measles, mumps, rubella, hepatitis B, or chicken pox; or
- Is any HIB (haemophilus influenza type B) vaccine.

If any taxable vaccine is combined with one or more additional taxable vaccines, then the tax is imposed on each vaccine included in the combination.

Example. MMR contains three taxable vaccines: measles, mumps, and rubella. The tax per dose on MMR is \$2.25 (3 x \$.75).

Add the tax for each taxable vaccine and enter the total tax on the line for IRS No. 97.

Foreign Insurance Taxes

Policies issued by foreign insurers (IRS No. 30). Enter the amount of premiums paid during the quarter on policies issued by foreign insurers. Multiply the premiums

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 which must report the payments of premiums that are exempt from the excise tax on policies issued by foreign insurers for the previous calendar year. This statement is filed with the 1st quarter Form 720, which is due before May 1 of each year.

You may be able to use **Form 8833**, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b), as a disclosure statement.

How to file. At the top of Form 720, write "Section 6114 Treaty." Provided you have no other transactions reportable on Form 720:

1. Check the one-time filing box on page 1. If this is your final return, check the final return box.
2. Write "None" on lines 1, 3, and 5.
3. Sign the return.

You need an EIN to file Form 720. If you do not have an EIN, get Form SS-4 for instructions on how to apply for one. See **Employer Identification Number (EIN)** on page 2.

Where to file. Send the Form 720 with the attached statement to:

Internal Revenue Service Center
P.O. Box 21086
Philadelphia, PA 19114

Exception. If you are reporting liabilities in Parts I or II (Form 720), follow the instructions above for **How to file**, except send the Form 720 to:

Internal Revenue Service Center
Cincinnati, OH 45999-0009

Part II

Sport fishing equipment (IRS No. 41). The tax on sport fishing equipment is 10% (.10) of the sales price. The tax is paid by the manufacturer, producer, or importer. Taxable articles include fishing rods and poles (and component parts), reels, fly fishing lines (and other lines not over 130 pounds test), fishing spears, spear guns, spear tips, terminal tackle, fishing supplies and accessories, and any parts or accessories sold on or in connection with these articles. See Pub. 510 for a complete list of taxable articles. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 41.

Electric outboard motors and sonar devices (IRS No. 42). The tax on an outboard motor or a sonar device for finding fish is 3% (.03) of the sales price. The tax is paid by the manufacturer, producer, or importer. The tax is limited to \$30 for each sonar device. Sonar devices for finding fish do not include graph recorders, digital types, meter readouts, or combination graph recorders or combination meter readouts. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 42.

Bows (IRS No. 44). The tax on bows is 11% (.11) of the sales price. The tax is paid by the manufacturer, producer, or importer. It applies to bows having a draw weight of 10

pounds or more. The tax is also imposed on the sale of any part or accessory suitable for inclusion in or attachment to a taxable bow and any quiver suitable for use with arrows described below. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 44.

Arrow components (IRS No. 102). The tax on any shaft, point,nock, or vane is 12.4% (.124) of the sales price for which the component is sold. The tax is paid by the manufacturer, producer, or importer of any component used in the manufacture of any arrow which after assembly measures 18 inches or more in overall length or is less than 18 inches but is suitable for use with a bow that has a draw weight of 10 pounds or more. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 102.

Inland waterways fuel use (IRS No. 64). Enter the number of gallons subject to tax. The tax is \$.244 per gallon.

Alcohol sold as but not used as fuel (IRS No. 51). An excise tax is imposed if the credit was claimed on **Form 6478**, Credit for Alcohol Used as Fuel, and any person later:

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.

Use the following table to determine the tax for each gallon of alcohol.

IF the alcohol is...	AND...	THEN the tax rate per gallon is...
at least 190 proof	• is ethanol	\$.54
	• is methanol	.60
	• benefited from the small ethanol producer credit	.64
at least 150 proof but less than 190 proof	• is ethanol	\$.40
	• is methanol	.45
	• benefited from the small ethanol producer credit	.50

Floor Stocks Taxes

Ozone-depleting chemicals floor stocks tax (IRS No. 20). Use Form 6627 to figure the liability for this tax. Enter the amount from Form 6627, Part III, line 4, column (d) on the line for IRS No. 20. Attach Form 6627 to Form 720 for the 2nd quarter of each year. Deposit the payment by June 30 at an authorized depository. See **How To Make Deposits** on page 6.

Kerosene floor stocks tax (IRS No. 103). A floor stocks tax is imposed on any person that holds kerosene on the first moment of July 1, 1998. The rate of the floor stocks tax is \$.244 per gallon. Deposit the payment by August 31, 1998, at an authorized depository. Report the floor stocks tax on the 3rd quarter return.

- The floor stocks tax does not apply to kerosene:
- To the extent tax on the kerosene has been or will be imposed under section 4081 or 4091.
 - That has been dyed by the earlier of (a) the time of sale or (b) September 30, 1998.
 - 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.

Part III

Report on line 4 of Form 720 the total adjustments and claims from line 13 of Schedule C. See the Schedule C instructions on page 8.

You may have any overpayment refunded or applied to your next return. Enter on line 7 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 10 will be applied to the unpaid amounts.*

Payment of Taxes

Generally, semimonthly deposits of excise taxes are required. A **semimonthly period** is the first 15 days of a month (the first semimonthly period) or the 16th through the last day of a month (the second semimonthly period).

However, no deposit is required for the situations listed below; the taxes are payable with the return.

- The net liability for taxes listed in Part I (Form 720) does not exceed \$2,000 for the quarter.
- The gas guzzler tax and/or the luxury tax is being paid on a one-time filing. See **One-Time Filings** on page 1.
- The liability is for taxes listed in Part II (Form 720), except for the floor stocks taxes, which require a single deposit. See **Floor Stocks Taxes** on page 5.
- The tax liability is for the removal of a batch of gasohol from an approved refinery by bulk transfer, if the refiner elects to treat itself for that removal as not registered under section 4101. See Regulations section 48.4081-3.

How To Make Deposits

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.

Generally, if any due date for making a deposit falls on a Saturday, Sunday, or legal holiday, you may make the deposit on the next business day.

Electronic deposit requirement. You must make electronic deposits for **all** depository tax liabilities that occur after 1997 if:

- Your total deposits of income tax withheld and social security, Medicare, and railroad retirement taxes were more than \$50,000 in 1996, or
- You **did not** have deposits of income tax withheld, social security, Medicare, or railroad retirement taxes in 1996, but deposited more than \$50,000 in other depository taxes (such as excise taxes).

Electronic Federal Tax Payment System (EFTPS). EFTPS must be used to make electronic deposits. If you are an employer required to use EFTPS, you must also deposit your Form 720 taxes by EFTPS. If you were required to deposit by electronic funds transfer in prior years, continue to do so in 1998. If you are required to make deposits by EFTPS and fail to do so, you may be subject to a 10% penalty. However, if you were first required to use EFTPS on or after July 1, 1997, no penalties for failure to use EFTPS will be imposed on deposit obligations incurred on or before December 31, 1998. Taxpayers who are not required to make electronic

deposits may voluntarily participate in EFTPS. To enroll in EFTPS, call 1-800-555-4477 or 1-800-945-8400. For general information about EFTPS, call 1-800-829-1040.

Federal Tax Deposit Coupons. If you are not required to use EFTPS, then deposit Federal excise taxes with a **Form 8109**, Federal Tax Deposit Coupon, at an authorized depository or the Federal Reserve bank serving the area in which you are located. See the instructions in the coupon book for additional information. If you do not have a coupon book, contact your IRS district office.

When To Make Deposits

Taxes that are required to be deposited are grouped into classes as follows:

- 9-day-rule taxes,
- 30-day-rule taxes,
- alternative method taxes, and
- 14-day-rule taxes.

If you are depositing more than one tax in a class, combine all the taxes in the class and make one deposit for the semimonthly period.

9-day rule. The deposit of tax for a semimonthly period is due by the 9th day following that period. Generally, this is the 24th day of a month and the 9th day of the following month. The 9-day rule applies to all taxes in Part I of Form 720 except for:

- Gasoline, diesel fuel, and kerosene tax (IRS Nos. 14, 35, 58, 59, 60, 62, 73, 74, 75, and 76), if deposits by qualified persons are made using EFTPS. See **14-day rule**.
- ODCs tax (IRS Nos. 19 and 98). See **30-day rule**.
- Communications and air transportation taxes (IRS Nos. 22, 26, 27, and 28), if deposits are based on amounts billed or tickets sold, rather than on amounts actually collected. See **Alternative method** on this page.
- One-time filers of luxury and gas guzzler tax. See **One-Time Filings** on page 1.

30-day rule (IRS Nos. 19 and 98). The deposit of tax for a semimonthly period is due by the last day of the second following semimonthly period. Generally, this is the 15th day of the following month and the last day of the following month.

Alternative method (IRS Nos. 22, 26, 27, and 28).

Deposits of communications and air transportation taxes may be based on amounts billed or tickets sold during a semimonthly period instead of on taxes actually collected during the period. Under the alternative method, the tax included in amounts billed or tickets sold during a semimonthly period is considered collected during the first 7 days of the second following semimonthly period. The deposit of tax is due by the 3rd banking day after the 7th day of that period.

Example. The tax included in amounts billed or tickets sold for the period December 16, 1997, to December 31, 1997, is considered collected from January 16, 1998, to January 22, 1998, and must be deposited by January 27, 1998.

To use the alternative method, you must keep a separate account of the tax included in amounts billed or tickets sold during the month and report on Form 720 the tax included in amounts billed or tickets sold and not the amount of tax that is actually collected. For example, amounts billed in December, January, and February are considered collected during January, February, and March

and are reported on Form 720 as the tax for the 1st quarter of the calendar year.

14-day rule (IRS Nos. 14, 35, 58, 59, 60, 62, 73, 74, 75, and 76). Deposits of the gasoline, diesel fuel, and kerosene tax for a semimonthly period by an independent refiner or any person whose average daily production of crude oil for the preceding calendar quarter did not exceed 1,000 barrels may be made by the 14th day following the semimonthly period. The deposits must be made using EFTPS. If the 14th day is a Saturday, Sunday, or legal holiday, the due date is the immediately preceding day that is not a Saturday, Sunday, or legal holiday. The 14-day rule does not apply to dyed diesel fuel used in trains (IRS No. 71) or to dyed diesel fuel used in certain intercity or local buses (IRS No. 78).

Special rules for deposits of taxes in September 1998. If you are required to make deposits, an additional deposit is due in September as shown in the chart below. The special rule does not apply to taxes not required to be deposited (see **Payment of Taxes** on page 6). See Regulations sections 40.6302(c)-1 through 40.6302(c)-4 for rules for figuring the net tax liability for the deposit due in September.

Additional deposit of taxes in September 1998

Type of Tax (IRS No.)	For the Period		Due
	Beginning	Ending	Date ¹
	on	on	
All Part I taxes ²			
EFTPS ³	Sept. 16	Sept. 26	Sept. 29
Non-EFTPS	Sept. 16	Sept. 25	Sept. 28
ODCs (19 and 98)			
EFTPS ³	Aug. 16	Sept. 11	Sept. 29
Non-EFTPS	Aug. 16	Sept. 10	Sept. 28
Alternative method taxes (22, 26, 27, and 28)(based on amounts billed)			
EFTPS ³	Sept. 1	Sept. 11	Sept. 29
Non-EFTPS	Sept. 1	Sept. 10	Sept. 28

¹See **Delayed deposits** below.

²Except ODCs and alternative method taxes, which are listed separately.

³See **Electronic deposit requirement** on page 6.

Note: For the remaining days in September, be sure to make your deposits by the regular due date.

Delayed deposits. The following have a delayed deposit due date of October 5, 1998:

- Deposits of fuel taxes (IRS Nos. 14, 35, 58, 59, 60, 61, 62, 69, 71, 73, 74, 75, 76, 77, 78, and 79), and transportation of property by air (IRS No. 28), that would be due after July 31, 1998, including the September rule deposit due September 28 or 29, and before October 1, 1998.
- Deposits of transportation of persons by air (IRS No. 26) and use of international travel facilities (IRS No. 27) that would be due after August 14, 1998, including the September rule deposit due September 28 or 29, and before October 1, 1998.

Amount To Deposit

Deposits of taxes for a semimonthly period must be at least the net tax liability for that period, unless one of the

safe harbor rules applies. The **safe harbor rules** apply separately to deposits under the 9-day rule, 30-day rule, the alternative method, and the 14-day rule.

The **net tax liability** for a semimonthly period is the total liability for the period plus or minus any adjustments for the period. Net tax liability for a semimonthly period may be figured by dividing the net tax liability for the month by 2, provided this method of computation is used for all semimonthly periods in the calendar quarter.

Under the **alternative method**, the deposit of tax for any semimonthly period must not be less than the net amount of tax that is considered collected during the semimonthly period. The net amount of tax that is considered collected during the semimonthly period must be either:

1. The net amount of tax reflected in the separate account for the corresponding semimonthly period of the previous month, or
2. One-half of the net amount of tax reflected in the separate account for the preceding month.

Safe Harbor Rules

There are two safe harbor rules:

- The look-back quarter liability, and
- The current liability.

The look-back quarter liability safe harbor rule. The look-back quarter safe harbor rule applies to persons who filed a Form 720 for the look-back quarter (the 2nd calendar quarter preceding the current quarter). Persons who filed for the look-back quarter are considered to meet the semimonthly deposit requirement if the deposit for each semimonthly period in the current quarter is at least $\frac{1}{6}$ (16.67%) of the net tax liability reported for the look-back quarter.

For the semimonthly period for which the additional deposit is required, the additional deposit must be at least 12.23% (11.12% non-EFTPS) of the net tax liability reported for the look-back quarter. Also, the total deposit for that semimonthly period must be at least $\frac{1}{6}$ (16.67%) of the net tax liability reported for the look-back quarter.

Exceptions. The look-back rule does not apply to:

- The 1st and 2nd quarters beginning on or after the effective date of an increase in the rate of tax unless the deposit of taxes for each semimonthly period in the calendar quarter is at least $\frac{1}{6}$ (16.67%) of the tax liability you would have had for the look-back quarter if the increased rate of tax had been in effect for that look-back quarter; or
- Deposits of any tax if the tax was not in effect throughout the look-back quarter. If this exception applies to you, be sure to see the instructions on **How to complete** under **Schedule A** on page 8 to report your net tax liability.

The current liability safe harbor rule. The current liability safe harbor rule applies to all filers of Form 720. Filers are considered to meet the semimonthly deposit requirement if the deposit for the semimonthly period is at least 95% of the net tax liability for the semimonthly period.

For the semimonthly period for which the additional deposit is required, the additional deposit must be at least 69.67% (63.34% non-EFTPS) of the net tax liability for the semimonthly period. Also, the total deposit for that semimonthly period must be at least 95% of the net liability for the semimonthly period.

Requirements to be met. For the safe harbor rules to apply, you must:

1. Make each deposit timely at an authorized Government depository; and
2. Pay any underpayment for the current quarter by the due date of the return. However, if the due date of the return is extended because you report taxes with different return due dates, you must deposit on the earlier due date any underpayment for taxes ordinarily reported on the earlier date.

Note: *The IRS may withdraw the right to make deposits of tax using safe harbor rules from any person not complying with these rules.*

Schedule A

Excise Tax Liability

How to complete. Complete Schedule A to record net tax liabilities for Part I taxes for each semimonthly period in a quarter even if your net liability is under \$2,000.

The following table will help you determine which boxes to complete on Schedule A.

IF you are reporting under the...	THEN you report on line...	AND enter the net tax liability in boxes...
9-day rule	1	A–F
30-day rule	2	G–L
Alternative method	3	M–R
14-day rule	4	S–X

If you are reporting more than one type of tax on lines 1, 2, 3, or 4:

1. Add the net liability for each tax for each semimonthly period including the liability for the special September rule when applicable, and
2. Enter the total in the applicable box.

If you are using the look-back rule for some taxes and you cannot use it for another tax in the same class, attach an additional sheet to Schedule A showing the net tax liability for each semimonthly period in the quarter for the other tax.

Additional rules. Report **communications and air transportation taxes** based on:

- Actual collections on line 1.
- Billings or tickets sold on line 3. The amount of tax to report for a semimonthly period is the amount that is considered collected during that period.

Example. The amounts billed for communications services from December 1, 1997, to December 15, 1997, are considered collected during the period January 1, 1998, to January 7, 1998, and are reported for the 1st quarter of 1998 on Schedule A in box **M**, not the 4th quarter of 1997.

Report your **gasoline, diesel fuel, or kerosene tax** liability on line 1, if you do not use the 14-day rule.

Reporting tax liability under the special September rule. An additional reporting is required under the special September rule (for the period shown in the chart on page 7) as follows:

<i>9-day-rule taxes</i>	Enter the tax liability for the period beginning September 16 and ending September 25/26 in the (line 1) Special rule for September box.
<i>30-day-rule taxes</i>	Enter the tax liability for ODCs for the period beginning August 16 and ending September 10/11 in the (line 2) Special rule for September box.
<i>Alternative method taxes</i>	Enter the tax included in amounts billed or tickets sold during the period beginning September 1 and ending September 10/11 in the (line 3) Special rule for September box on the 4th quarter return .
<i>14-day-rule taxes</i>	Enter the tax liability for the period beginning September 16 and ending September 25/26 in the (line 4) Special rule for September box.

For the remaining days in the September period, report the liability as follows:

<i>9-day-rule taxes</i>	Enter the liability for the period beginning September 26/27 and ending September 30 in box F .
<i>30-day-rule taxes</i>	Enter the liability for the period beginning September 11/12 and ending September 15 in box K . Leave box J blank. Enter the liability for the period beginning September 16 and ending September 30 in box L .
<i>Alternative method taxes</i>	Enter the tax included in the amounts billed or tickets sold for the period beginning September 11/12 and ending September 15 in box M of the 4th quarter return . Enter the tax included in amounts billed or tickets sold during the period beginning September 16 and ending September 30 in box N of the 4th quarter return .
<i>14-day-rule taxes</i>	Enter the liability for the period beginning September 26/27 and ending September 30 in box X .

Schedule C

Adjustments and Claims

Note: *If you are not required to file Form 720 but you are due a refund of excise tax, you must use **Form 8849, Claim for Refund of Excise Taxes**, to make your claim.*

To make claims or adjustments to prior quarters, complete Schedule C. Enter on line 4 of Form 720 the total from Part III, line 13, of Schedule C. You cannot claim any amounts on Schedule C that you took or will take as a credit on Form 4136 or as a refund on Form 8849 or Form 843.

Use **Form 843, Claim for Refund and Request for Abatement**, to request an abatement or refund of interest under section 6404(e) (due to IRS errors or delays) or an abatement of a penalty or addition to tax as a result of erroneous IRS written advice.

Part I—Adjustments. Use this part to make adjustments to correct errors involving Forms 720 you have filed for prior quarters. Generally, adjustments that reduce your tax liability for a prior quarter must be made within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later.

On line 1, enter the total of any adjustments claimed. A statement **must** be attached for each adjustment.

The attached statement must include the following information:

- An explanation of why you are claiming a reduction in tax or reporting additional tax.

- The computation of the amount you are claiming.
- A statement that you have the required supporting evidence.

Part II—Claims. Complete all information requested for each claim you have. Your claim will be disallowed if you do not follow the required procedures or do not provide all the required information. See Pub. 378 for more information.

Line 2

Nontaxable Use of Gasoline/Gasohol

Claimant. The ultimate purchaser of the gasoline or gasohol is the only person eligible to make this claim.

Allowable use. The gasoline and gasohol must have been used during the **Period of claim** for a business use other than in a highway vehicle registered (or required to be registered) for highway use (off-highway business use).

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one of the first three quarters of the claimant's income tax year. Fuel used in one quarter cannot be included with a quarterly claim for fuel used in another quarter.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a quarterly claim for fuel used during October, November, or December.

3. The amount of the claim must be at least \$1,000. To meet this minimum, amounts from lines 2 and 3 are combined. For example, this requirement is met if \$1,000 is claimed on line 2, or \$900 is claimed on line 2 and \$100 is claimed on line 3.

4. The claim must be filed by the last day of the first quarter following the quarter for which the claim is filed. For example, a claim for the quarter consisting of January, February, and March must be filed by June 30.

Note: *If requirements 1-4 above are not met, see **Annual Claims** on page 11.*

Line 3

Nontaxable Use of Aviation Gasoline

Claimant. The ultimate purchaser of the aviation gasoline is the only person eligible to make this claim.

Allowable uses. For line 3a, a claim may be made for aviation gasoline used during the **Period of claim** in foreign trade or in certain aircraft. The claim may be for the entire tax imposed on aviation gasoline.

For line 3b, a claim may be made for aviation gasoline used during the **Period of claim** in commercial aviation (other than foreign trade). The claim is limited to \$.15 per gallon of the tax imposed on aviation gasoline.

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one of the first three quarters of the claimant's income tax year. Fuel used in one quarter cannot be included with a quarterly claim for fuel used in another quarter.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a quarterly claim for fuel used during October, November, or December.

3. The amount of the claim must be at least \$1,000. To meet this minimum, amounts from lines 2 and 3 are combined. For example, this requirement is met if \$1,000

is claimed on line 3, or \$900 is claimed on line 2 and \$100 is claimed on line 3.

4. The claim must be filed by the last day of the first quarter following the quarter for which the claim is filed. For example, a claim for the quarter consisting of January, February, and March must be filed by June 30.

Note: *If requirements 1-4 above are not met, see **Annual Claims** on page 11.*

Line 4

Nontaxable Use of Undyed Diesel Fuel/Kerosene

Note: *Applies to kerosene taxed beginning July 1, 1998.*

Claimant. The ultimate purchaser of the fuel is the only person eligible to make this claim.

Caution: *Line 4 cannot be used to make a claim for the tax paid on diesel fuel or kerosene used on a farm for farming purposes or for the exclusive use of a state or local government.*

Allowable uses. For line 4a, the taxed diesel fuel or kerosene must have been used during the **Period of claim** as heating oil.

For line 4b, the taxed diesel fuel or kerosene must have been used during the **Period of claim** for a business use other than in a highway vehicle registered (or required to be registered) for highway use (off-highway business use).

For line 4c, the taxed diesel fuel must have been used during the **Period of claim** in a qualified local bus or in a bus transporting students and employees of schools.

For line 4d, see the rules on page 10.

For line 4e, the taxed diesel fuel must have been used during the **Period of claim** for train use.

Kerosene uses. On line 4, write a "K" in the space to the left of the rate column. Kerosene claims must be reported separately. If more space is needed, attach a continuation sheet with the additional claims. Follow the same format as line 4. Be sure to write your name and EIN on each sheet you attach.

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one or more of the first three quarters of the claimant's income tax year.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a claim for fuel used during October, November, or December.

3. The amount of the claim must be at least \$750.

a. If the minimum is not met in one or more of the first three quarters of the claimant's income tax year, fuel used in those quarters may be combined to meet the minimum. For example, if a claimant has \$200 in the first quarter and \$600 in the second quarter, a claim may be made at the end of the second quarter for \$800. Also, if a claimant has \$100 in the first quarter, \$400 in the second quarter, and \$250 in the third quarter, a claim may be made at the end of the third quarter for \$750.

b. To meet the \$750 minimum, amounts from lines 4a, 4b, 4c, and 4e are combined with amounts from line 5. For example, the requirement is met if \$750 is claimed on line 4a, or \$600 is claimed on line 4a and \$150 is claimed on line 5.

4. The claim must be filed during the first quarter following the last quarter included in the claim. For

example, for a taxpayer with a fiscal tax year ending November 30, a claim for the quarters consisting of March through May and June through August must be filed between September 1 and November 30.

Note: *If requirements 1-4 above are not met, see Annual Claims on page 11.*

Line 4d– Certain intercity or local bus use. The taxed diesel fuel must have been used during the **Period of claim** in an intercity or local bus that furnishes for compensation passenger land transportation to the general public along regular routes.

Claimant. The ultimate purchaser is the only person eligible to make this claim.

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one of the first three quarters of the claimant's income tax year. Fuel used in one quarter cannot be included with a quarterly claim for fuel used in another quarter.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a quarterly claim for fuel used during October, November, or December.

3. The claim must be at least \$1,000. To meet this minimum, amounts from line 4d and line 8 are combined. For example, the requirement is met if \$1,000 is claimed on line 4d, or \$900 is claimed on line 4d and \$100 is claimed on line 8.

4. The claim must be filed by the last day of the first quarter following the quarter for which the claim is filed. For example, a claim for the quarter consisting of January, February, and March must be filed by June 30.

Note: *If requirements 1-4 above are not met, see Annual Claims on page 11.*

Line 5 Nontaxable Use of Aviation Fuel (other than gasoline)

Claimant. The ultimate purchaser of the aviation fuel is the only person eligible to make this claim.

Allowable uses. For line 5a, a claim may be made for aviation fuel used during the **Period of claim** in foreign trade, on a farm, or in certain aircraft. The claim may be made for the entire tax imposed on aviation fuel.

For line 5b, a claim may be made for aviation fuel used during the **Period of claim** in commercial aviation (other than foreign trade). The claim is limited to \$.175 per gallon of the tax imposed on aviation fuel.

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one or more of the first three quarters of the claimant's income tax year.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a claim for fuel used during October, November, or December.

3. The amount of the claim must be at least \$750.

a. If the minimum is not met in one or more of the first three quarters of the claimant's income tax year, fuel used in those quarters may be combined to meet the minimum. For example, if a claimant has \$200 in its first quarter and \$600 in its second quarter, it may make a claim at the end of its second quarter for \$800. Also, if a claimant has \$100 in its first quarter, \$400 in its second quarter, and

\$250 in its third quarter, it may make a claim at the end of its third quarter for \$750.

b. To meet the \$750 minimum, amounts from line 5, and lines 4a, 4b, 4c, and 4e are combined. For example, the requirement is met if \$750 is claimed on line 5, or \$600 is claimed on line 5 and \$150 is claimed on line 4a.

4. The claim must be filed during the first quarter following the last quarter included in the claim. For example, for a taxpayer with a fiscal tax year ending November 30, a claim for the quarters consisting of March through May and June through August must be filed between September 1 and November 30.

Note: *If requirements 1-4 above are not met, see Annual Claims on page 11.*

Line 6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel

Claimant. The registered ultimate vendor of the diesel fuel is the only person eligible to make this claim.

Allowable sales. The fuel must have been sold during the **Period of claim** for:

- Use on a farm for farming purposes, or
- Use by a state or local government (including governmental use by an Indian tribal government).

Claim requirements. The following three requirements must be met to make a weekly claim:

1. The claim must be for diesel fuel sold during a period that is at least 1 week.

2. The amount of the claim must be at least \$200. To meet this minimum, amounts from line 6 and line 7 are combined.

3. The claim must be filed by the last day of the first quarter of the claimant's income tax year following the earliest quarter included in the claim. For example, a calendar year claimant's claim for diesel fuel sold during September and October must be filed by December 31.

Note: *If requirements 1–3 above are not met, see Annual Claims on page 11.*

Information to be submitted. Attach a separate sheet with the name and TIN of each farmer, custom harvester, or governmental unit to whom the diesel fuel was sold and the number of gallons sold to each.

Line 7 Sales by Registered Ultimate Vendors of Undyed Kerosene

Note: *Applies to kerosene taxed beginning July 1, 1998.*

Claimant. The registered ultimate vendor of the kerosene is the only person eligible to make this claim.

Allowable sales. The fuel must have been sold during the **Period of claim**:

- For use on a farm for farming purposes,
- For use by a state or local government (including governmental use by an Indian tribal government), or
- From a blocked pump (see section 6427(l)(5)(B)).

Claim requirements. The following three requirements must be met to make a weekly claim:

1. The claim must be for kerosene sold during a period that is at least 1 week.

2. The amount of the claim must be at least \$100.

3. The claim must be filed by the last day of the first quarter of the claimant's income tax year following the earliest quarter included in the claim. For example, a

calendar year claimant's claim for kerosene sold during September and October must be filed by December 31.

Note: *If requirements 1-3 above are not met, see **Annual Claims** later on this page.*

Information to be submitted. Attach a separate sheet with the name and TIN of each farmer, custom harvester, or governmental unit to whom the kerosene was sold and the number of gallons sold to each.

Line 8 Use of Liquefied Petroleum Gas (LPG) in Certain Buses

Claimant. The ultimate purchaser of the LPG (such as propane or butane) is the only person eligible to make this claim.

Allowable uses. The fuel must have been used during the **Period of claim** for:

- Intercity and local buses; or
- Qualified local and school buses.

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one of the first three quarters of the claimant's income tax year. Fuel used in one quarter cannot be included with fuel used in another quarter.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a claim for fuel used in October, November, or December.

3. The amount of the claim must be at least \$1,000. To meet this minimum, amounts from line 8 and line 4d are combined. For example, the requirement is met if \$1,000 is claimed on line 8, or \$900 is claimed on line 8 and \$100 is claimed on line 4d.

4. The claim must be filed by the last day of the first quarter following the quarter for which the claim is filed. For example, a claim for the quarter of January, February, and March must be filed by June 30.

Note: *If requirements 1-4 above are not met, see **Annual Claims** later on this page.*

Line 9 Gasohol Blending

Claimant. The person that produced the gasohol is the only person eligible to make this claim.

Allowable use. Gasoline that was taxed at the full rate must have been used to produce gasohol during the **Period of claim** for sale or use in the blender's trade or business.

Claim requirements. The following three requirements must be met to make a weekly claim:

1. The claim must be for gasohol produced during a period that is at least 1 week.

2. The amount of the claim must be at least \$200.

3. The claim must be filed by the last day of the first quarter of the claimant's income tax year following the earliest quarter included in the claim. For example, a calendar year claimant's claim for gasohol produced during June and July must be filed by September 30.

Note: *If requirements 1-3 above are not met, see **Annual Claims** later on this page.*

Line 10 Gasoline (Sold for the uses described.)

Claimant. The person that paid the tax to the government is the only person eligible to make this claim.

Allowable sales. The fuel must have been sold to the ultimate purchaser during the **Period of claim** for one or more of the uses described on line 10.

Claim requirement. The claim must be filed within 3 years from the time the return was filed by the person that paid the tax to the government or 2 years from the time the tax was paid to the government, whichever is later.

Line 11 Other Claims

Use the blank line(s) for any claim not described.

You must attach any additional information as required by regulations, a detailed description of the transaction, how you figured the claim amount, and any other information you believe will support the claim. Also, be sure to include your name and EIN on each sheet you attach.

Aviation gasoline used in certain helicopters and fixed-wing aircraft. You may make a claim, using one of the blank lines on line 11, for the entire amount of tax imposed on aviation gasoline used for these purposes.

Claimant. The ultimate purchaser is the only person eligible to make this claim.

Allowable uses. The fuel must have been used during the **Period of claim** for certain helicopter and fixed-wing aircraft uses or in an aircraft or vehicle owned by an aircraft museum.

Claim requirements. The following four requirements must be met to make a quarterly claim:

1. The claim must be for fuel used during one of the first three quarters of the claimant's income tax year. Fuel used in one quarter cannot be included with fuel used in another quarter.

2. The claim must not be for the fourth quarter of the claimant's income tax year. For example, a calendar year taxpayer may not file a quarterly claim for fuel used during October, November, or December.

3. The amount of the claim must be at least \$1,000.

4. The claim must be filed by the last day of the first quarter following the quarter for which the claim is filed. For example, a claim for the quarter consisting of January, February, and March must be filed by June 30.

Note: *If requirements 1-4 above are not met, see **Annual Claims** below.*

Annual Claims

If a quarterly or weekly claim was not made for the tax on any particular amount of fuel, an annual claim may be made. Generally, an annual claim is made on **Form 4136**, Credit for Federal Tax Paid on Fuels, for the income tax year during which the fuel was used by the ultimate purchaser or sold by the registered ultimate vendor. See Form 4136 and its instructions for more information.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on this form in order to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle D, Miscellaneous Excise Taxes, of the Internal Revenue Code imposes a tax on communications, gambling, luxury automobiles, and manufacturing, selling, or consuming various commodities. These forms are used to determine the amount of the taxes that you owe. Section 6011 requires you to provide the requested information if any of the taxes are applicable to you. Section 6109 requires you to provide your taxpayer identification number (SSN, ITIN, or EIN). Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. If you fail to provide this information in a timely manner, you may be liable for penalties and interest.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB

control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file these forms and related schedules 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 the IRS
720	23 hr., 41 min.	2 hr., 23 min.	6 hr., 29 min.
Sch. A	2 hr., 52 min.		3 min.
Sch. C Part I	1 hr., 55 min.	6 min.	8 min.
Part II	20 hr., 20 min.	6 min.	20 min.
Part III	14 min.	6 min.	7 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form and related schedules simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send the tax form to this office. Instead, see **Where To File** on page 1.