

Instructions for Form 720



Department of the Treasury
Internal Revenue Service

(Rev. January 2005)

Quarterly Federal Excise Tax Return

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

General Instructions

What's New

- The tax on use of international air travel facilities (IRS No. 27) has increased for amounts paid during 2005. See page 4 for the new rates.
- The domestic segment tax (tax on transportation of persons by air (IRS No. 26)) has increased for transportation beginning in 2005. See page 4 for the new rate.

The American Jobs Creation Act of 2004 has required the following changes to Form 720. The instructions have been revised as needed.

Extended due date for aviation-grade kerosene. If you are reporting tax on aviation-grade kerosene (IRS No. 69) or aviation-grade kerosene for use in commercial aviation (other than foreign trade) (IRS No. 77), the return for the first quarter of 2005 is due on May 31, 2005.

Aviation-grade kerosene floor stocks due date. If you are reporting tax on aviation-grade kerosene (floor stocks) (IRS No. 115) or aviation-grade kerosene for use in commercial aviation (IRS No. 116), payment of the tax and the return for the first quarter of 2005 is due on May 31, 2005.

Part I Taxes

- Form 720 has been revised to reflect that the reduced rate of excise tax for most alcohol-blended fuels has been eliminated. IRS Nos. 58, 59, 73, 74, 75, and 76 have been removed.
- IRS No. 60 has a new line (c) for sale or removal of biodiesel mixture other than removal at a terminal rack, rate of \$.244 per gallon.
- The rate for IRS No. 71, Dyed diesel fuel in trains, has decreased to \$.034 per gallon.
- IRS No. 78, Dyed diesel fuel used in certain intercity and local buses has been deleted; dyed diesel fuel cannot be used in these buses.
- IRS No. 62(c) has been revised. Previously, the additional tax applied to gasoline bought at a reduced rate and not blended with alcohol. New IRS No. 62(c) will be for sale or removal of alcohol mixture other than removal at a terminal rack, rate of \$.184 per gallon.
- IRS No. 66 is now taxable tires instead of highway-type tires and the computation has changed. The rate is \$.0945 (\$.04725 for biasply or super singles) for each 10 pounds of the maximum rated load capacity over 3,500 pounds. See the instructions on page 5 for more information.
- IRS Nos. 69 and 77 are now tax on aviation-grade kerosene instead of aviation fuel. The rates are the same.
- IRS Nos. 33 and 92 now appear on page 1.

Part II Taxes

- The tax on sonar devices has been repealed. References to sonar devices have been deleted from IRS No. 42.

- The rate of tax on fishing tackle boxes has been decreased to 3% of the sales price and appears on its own line as IRS No. 114.
- IRS No. 44 is revised to reflect that quivers and broadheads are taxed at 11% of the sales price.
- The rate for IRS No. 64, Inland waterways fuel tax, has decreased to \$.234 per gallon.
- New IRS No. 117, Biodiesel sold but not used as fuel, that relates to the new biodiesel credits under sections 6426, 6427(e), and 40A has been added.
- There is a floor stocks tax on aviation-grade kerosene. The rate of tax is \$.219 per gallon except that for aviation-grade kerosene held for the taxpayer's own use in commercial aviation, the rate of tax is \$.044 per gallon. IRS Nos. 115 and 116 are used for these taxes. See the instructions on page 7 for more information.

Schedule C, Claims

- The reduced rates of excise tax for most alcohol-blended fuels have been eliminated and the lines for any claims have been removed.
- The new alcohol fuel mixture and biodiesel mixture credits appear on lines 12 and 13, respectively.
- The new claims by registered ultimate vendors of aviation-grade kerosene and registered ultimate vendors of gasoline and aviation gasoline sold to states and local governments and nonprofit educational organizations have been added.
- The new claims by registered ultimate vendors of undyed diesel fuel or undyed kerosene sold for use by intercity and local buses, if the ultimate purchaser waives its right to the claim, has been added.
- Fuel used in mobile machinery in an off-highway business use is limited to an annual claim for taxable years beginning after October 22, 2004. See *Annual Claims* on page 13.

Note. The tax on arrows that was in effect for arrows sold after November 21, 2004, and before December 23, 2004, has been repealed. The rules used prior to November 22, 2004, for arrow components still apply for the 1st quarter of 2005. Any tax that was imposed by the manufacturer, producer, or importer on arrows after November 21, 2004, and before December 23, 2004, may have to be refunded to the purchaser.

Electronic Payment

Now, more than ever before, businesses can enjoy the benefits of paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you a convenient program to make it easier.

Spend less time on taxes and more time running your business. Use Electronic Federal Tax Payment System (EFTPS) to your benefit. For information on EFTPS, visit www.eftps.gov or call EFTPS Customer Service at 1-800-555-4477. Also see *How To Make Deposits* on page 7.

Purpose of Form

Use Form 720 and attachments to report liability by IRS No. and pay the excise taxes listed on the form.

When To File

You must file a return for each quarter of the calendar year as follows:

Quarter covered	Due by
Jan., Feb., Mar.	April 30
Apr., May, June	July 31
July, Aug., Sept.	October 31
Oct., Nov., Dec.	January 31

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.

Send your return to the IRS using the U.S. Postal Service or a designated private delivery service to meet the "timely mailing as timely filing/paying" rule. See *Private Delivery Services* on page 3.

Extended due date. If you are reporting tax on aviation-grade kerosene or aviation-grade kerosene for use in commercial aviation (other than foreign trade), the return for the first quarter of 2005 is due by May 31, 2005.

Floor stocks tax. Report the floor stocks tax on ozone-depleting chemicals (ODCs), IRS No. 20, on the return due by July 31 of each year. The tax payment is due by June 30.

Report the floor stocks tax on aviation-grade kerosene, IRS Nos. 115 and 116, on the 1st quarter 2005 return, due by May 31, 2005. The payment is also due by May 31, 2005.

See *Floor Stocks Tax* on page 7.

Where To File

Send Form 720 to 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 line 3, Part III; sign and date the return.

If you have adjustments to liabilities reported for prior quarters, see Form 720X, Amended Quarterly Federal Excise Tax Return. **Do not** enter adjustments on Form 720.

If you attach additional sheets, write your name and EIN on each sheet.

One-Time Filing

If you import a gas guzzling automobile, you may be eligible to make a one-time filing of Form 720 and Form 6197, Gas Guzzler Tax, if you meet all of the following conditions:

- You do not import gas guzzling automobiles 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 a one-time filing.

To make a one-time filing:

1. File Form 720 for the quarter in which you incur liability for the tax. See *When To File* above.
2. Pay the tax with Form 720. 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) or individual taxpayer identification number (ITIN) on Form 720 and Form 720-V in the space for the EIN.
4. Check the one-time filing box above Part I of Form 720.

Final Return

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

1. Go out of business or
2. Will not owe excise taxes that are reportable on Form 720 in future quarters.



If you are only filing to report zero tax and you will not owe excise tax in future quarters, check the final return box above Part I of Form 720. The IRS will then stop sending Package 720 to you each quarter.

Recordkeeping

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 claims and all exemptions at least 4 years from the latest of the date:

- The tax became due,
- You paid the tax, or
- You filed a claim.

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 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 to the United States Treasury or are willfully not collected, the trust fund recovery penalty may apply. The penalty is the full amount of the unpaid tax.

The trust fund recovery 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 taking place.

Additional Information

You may find the following products helpful when preparing Form 720 and any attachments:

- Publication 510, Excise Taxes for 2005, contains definitions and examples that will help you prepare Form 720.
- Publication 378, Fuel Tax Credits and Refunds, has information on nontaxable uses of fuels.
- Publication 509, Tax Calendars for 2005, has deposit and payment due dates for all federal excise taxes.
- Notice 2005-4. You can find Notice 2005-4 on page 289 of Internal Revenue Bulletin 2005-2 at www.irs.gov/pub/irs-irbs/irb05-02.pdf.

You may also call the business and specialty tax line at 1-800-829-4933 with your excise tax questions.

Private Delivery Services

You can use certain private delivery services designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service; DHL Next Day 10:30 am; DHL Next Day 12:00 pm; DHL Next Day 3:00 pm; and DHL 2nd Day Service.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, and FedEx International First.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, UPS 2nd Day Air A.M., UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.



Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Specific Instructions

Name and Address

The first time you file Form 720, type or print your name, address (including the suite, room, or other unit number), and the quarter ending date (month and year). After that, the IRS will mail you a Package 720 with a preaddressed Form 720 every quarter. If your address changes, make the corrections on Form 720 and check the address change box above Part I of Form 720.

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. Do not abbreviate the country name.

Employer Identification Number (EIN)

If the EIN on the preaddressed Form 720 is wrong or you did not receive a preaddressed Form 720, enter the correct number. If you are a one-time filer, you may not need an EIN. See *One-Time Filing* on page 2. If you do not have an EIN, you may apply for one online. Go to the IRS website at www.irs.gov/businesses/small/ and click on the “Employer ID Numbers (EINs)” link. You may also apply for an EIN by telephone by calling 1-800-829-4933, or you can fax or mail Form SS-4, Application for Employer Identification Number, to the IRS.

Signature

Form 720 must be signed by a person authorized by the entity to sign this return.

Third Party Designee

If you want to allow an employee of your business, a return preparer, or other third party to discuss your Form 720 with the IRS, check the “Yes” box in the *Third Party Designee* section of Form 720. Also, enter the designee’s name, phone number, and any five digits that person chooses as his or her personal identification number (PIN).

By checking the “Yes” box, you are authorizing the IRS to call the designee to answer any questions relating to the processing of or the information reported on Form 720. You are also authorizing the designee to:

- Exchange information concerning Form 720 with the IRS and
- Respond to certain IRS notices that you have shared with your designee relating to Form 720. The IRS will not send notices to your designee.

You are not authorizing the designee to receive any refund check, bind you to anything (including additional tax liability), or otherwise represent you before the IRS. If you want to expand the designee’s authority, see Publication 947, Practice Before the IRS and Power of Attorney.

The authorization will automatically expire one year from the due date (without regard to extensions) for filing your Form 720. If you or your designee wants to revoke this authorization, send a written statement of revocation to the Internal Revenue Service Center, Cincinnati, OH 45999. See Publication 947 for more information.

Part I

Environmental Taxes

Use Form 6627, Environmental Taxes, 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. The tax rates for these taxes are shown on Form 6627.

Communications and Air Transportation Taxes

Who Must File

The person receiving the payment for communications or air transportation services must collect and pay over the

tax and file the return. Enter the amount of tax collected or considered collected for the quarter.

Communications Services (IRS No. 22)

The tax is 3% of amounts paid for local telephone service, toll telephone service, and teletypewriter exchange service.

Transportation of Persons by Air (IRS No. 26)

The tax on transportation of persons by air is made up of the percentage tax and the domestic segment tax. Add the **percentage tax** and the **domestic segment tax** to get the total tax on transportation of persons by air.

Percentage tax. The percentage tax is 7.5% for amounts paid for taxable transportation of persons by air.

Domestic segment tax. For amounts paid for each domestic segment of taxable transportation of persons by air, the domestic segment tax is \$3.20 per segment for transportation that begins in 2005.

Rural airports. If a segment is to or from a rural airport, the domestic segment tax does not apply.

Transportation of Property by Air (IRS No. 28)

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

Use of International Air Travel Facilities (IRS No. 27)

For amounts paid during 2005, the tax on international flights is:

- \$14.10 per person for flights that begin or end in the United States or
- \$7.00 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures).

Communication and Air Transportation Taxes—Uncollected Tax Report

A separate report is required to be filed by collecting agents of communications services and air transportation taxes if the person from whom the facilities or services tax (the tax) is required to be collected (the taxpayer) refuses to pay the tax, or it is impossible for the collecting agent to collect the tax. The report must contain the following information: the name and address of the taxpayer, the type of facility provided or service rendered, the amount paid for the facility or service (the amount on which the tax is based), and the date paid. The report must be filed by the due date of the Form 720 on which the tax would have been reported. For example, the report for a refusal to pay the tax that should have been reported on Form 720 for the fourth quarter of 2004 must be filed by January 31, 2005.

Do not file the report with Form 720. Instead, mail the report to Internal Revenue Service, Collected Excise Tax Coordinator, S:C:CP:RC:Ex, 1111 Constitution Avenue, N.W., IR-2016, Washington, DC 20224.

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 A, Appendix B of Publication 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 Center, Cincinnati, OH 45999-0555.

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. If you are liable for the diesel fuel tax because you have blended biodiesel with taxed diesel fuel outside of the bulk transfer/terminal system, report these gallons of biodiesel on line (c) of IRS No. 60. If you report gallons on line 60(c), do not report those gallons on line 60(b).

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

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 of alcohol 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.

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 gasoline tax because you have blended alcohol with taxed gasoline outside of the bulk transfer/terminal system, report these gallons of alcohol on line (c) of IRS No. 62. If you report gallons on line 62(c), do not report those gallons on line 62(b).

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

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 number of gallons taxed at each rate.

Fuel	Tax Rate per Gallon
Liquefied natural gas	.119
Qualified—	
Ethanol1325
Methanol1235
Partially exempt—	
Ethanol produced from natural gas114
Methanol produced from natural gas0925
Other fuels not shown	.184

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).

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 tax applies to:

- Truck chassis and bodies except truck chassis and bodies suitable for use with a vehicle with a gross vehicle weight (GVW) of 33,000 pounds or less,
- Trailer and semitrailer chassis and bodies except trailer and semitrailer chassis and bodies suitable for use with a vehicle with a GVW of 26,000 pounds or less, and
- Tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer regardless of GVW.

The sales price of a unit includes the sales price of certain related parts and accessories sold on or in connection with the sale of the unit.

Figure the tax for each unit sold and enter the total for the quarter on the line for IRS No. 33.

Exception. Mobile machinery as defined under section 4053 is exempt from the retail tax effective for sales after October 22, 2004. See Pub. 378 for the definition of mobile machinery.

Section 4051(d) tire credit. A tax credit may be taken equal to the amount of tax that has been imposed on each tire that is sold on or in connection with the first retail sale of a taxable vehicle reported on IRS No. 33. Claim the section 4051(d) tire credit on Schedule C, line 15a.

Luxury Tax



The tax on sales of luxury passenger vehicles (IRS No. 92) expired after December 31, 2002. However, the tax continues to apply to payments taxpayers receive for long-term leases of luxury passenger vehicles entered into before January 1, 2003. Until the end of the lease, taxpayers must continue to pay the tax at the rate in effect when the lease was entered into on each lease payment and report the tax each quarter on Form 720.

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 lasts 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.

Manufacturers Taxes



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% (.044) 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% (.044) 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.

Taxable tires (IRS No. 66). A tax is imposed on the sale of taxable tires by manufacturers, producers, or importers of taxable tires sold at a rate of \$.0945 (\$.04725 in the case of a biasply tire or super single tire) for each 10 pounds of the maximum rated load capacity over 3,500 pounds.

A taxable tire is any tire of the type used on highway vehicles if wholly or partially made of rubber and if marked according to federal regulations for highway use. A biasply tire is a pneumatic tire on which the ply cords that extend to the beads are laid at alternate angles substantially less than 90 degrees to the centerline of the tread. A super single tire is a tire greater than 13 inches in cross section width designed to replace 2 tires in a dual fitment.

Exceptions. The tax on taxable tires does not apply to those for the exclusive use of the Department of Defense or the Coast Guard.



Tires of a type used exclusively on mobile machinery are exempt from the tire tax. The effective date is for tires sold after October 22, 2004. See Pub. 378 for the definition of mobile machinery.

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. Attach Form 6197 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 A, hepatitis B, chicken pox, or rotavirus gastroenteritis;
- Is any HIB (haemophilus influenza type B) vaccine; or
- Is any conjugate vaccine against streptococcus pneumoniae.

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.

Who must file. The person who pays the premium to the foreign insurer (or to any nonresident person such as a foreign broker) must pay the tax and file the return. Otherwise, any person who issued or sold the policy, or who is insured under the policy, is required to pay the tax and file the return.

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 of Form 720. If this is your final return, check the final return box.
2. Write "None" on lines 1 and 3.
3. Sign the return.

You need an EIN to file Form 720. If you do not have an EIN, see *Employer Identification Number (EIN)* on page 3.

Where to file. Mail the Form 720 with the attached statement to: Internal Revenue Service Center, P.O. Box 21086, Philadelphia, PA 19114. Also, see the *Caution* under *Private Delivery Services* on page 3.

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

Fishing tackle boxes (IRS No. 114). The tax on fishing tackle boxes is 3% (.03) of the sales price. The tax is paid by the manufacturer, producer, or importer. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 114.

Electric outboard motors (IRS No. 42). The tax on an outboard motor is 3% (.03) of the sales price. The tax is paid by the manufacturer, producer, or importer. 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 peak draw weight of 30 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 or broadhead 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 that after assembly measures 18 inches or more in overall length or is less than 18 inches long but is suitable for use with a bow that has a peak draw weight of 30 pounds or more. Add the tax on each sale during the quarter and enter the total on the line for IRS No. 102.

Alcohol sold as but not used as fuel (IRS No. 51). An excise tax is imposed if the alcohol fuel mixture credit or alcohol credit was claimed and any person later: (a) uses a mixture or straight alcohol for a purpose other than fuel, (b) separates the alcohol from the mixture, or (c) mixes the straight alcohol.

Use the following table to determine the tax for each gallon of alcohol. Fill in the number of gallons and the appropriate rate in the *Rate* column on the line for IRS No. 51. If more than one rate applies, leave the *Rate* column blank and attach a schedule showing the rates and number of gallons taxed at each rate.

IF the alcohol is...	AND...	THEN the tax rate per gallon is...
at least 190 proof	• is ethanol	\$.51
	• is methanol	.60
	• benefited from the small ethanol producer credit	.61
at least 150 proof but less than 190 proof	• is ethanol	\$.3778
	• is methanol	.45
	• benefited from the small ethanol producer credit	.4778

Biodiesel sold but not used as fuel (IRS No. 117). An excise tax is imposed if the biodiesel mixture credit or biodiesel credit was claimed and any person later: (a) uses a mixture or straight biodiesel for a purpose other than as fuel, (b) separates the biodiesel from the mixture, or (c) mixes the straight biodiesel.

The tax is \$.50 per gallon of biodiesel or \$1.00 per gallon of agri-biodiesel. Fill in the number of gallons and the appropriate rate in the *Rate* column on the line for IRS No. 117. If more than one rate applies, leave the *Rate* column blank and attach a schedule showing the rates and number of gallons taxed at each rate.

Floor Stocks Tax

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 that is due July 31 of each year. Deposit the payment by June 30 at an authorized financial institution. See *How To Make Deposits* below.

Aviation-grade kerosene, IRS No. 115, and aviation-grade kerosene for use in commercial aviation, IRS No. 116. A one-time floor stocks tax is imposed on aviation-grade kerosene if, on the first moment of January 1, 2005, the aviation-grade kerosene is outside of the bulk transfer/terminal system and is not held in the fuel supply tank of an aircraft, and is held by a registered producer of aviation fuel (Activity Letter "H" (importer or producer of aviation fuel) on Form 637) other than for use by the producer in a nontaxable use. The rate of tax is \$.219 per gallon except that for aviation-grade kerosene held for the taxpayer's own use in commercial aviation, the rate of tax is \$.044 per gallon. The floor stocks tax payment is due with the 1st quarter return reporting the tax by May 31, 2005.

The fuel is held on the first moment if the person has title to the kerosene whether or not the person has taken delivery. A person is not liable for the floor stocks tax if the amount held on January 1, 2005, by a person or related group of persons, is 2,000 gallons or less. Aviation-grade kerosene held exclusively for an exempt use or held in the fuel supply tank of an aircraft is not taken into account for purposes of calculating the 2,000 gallons. However, if a person holds more than 2,000 gallons of aviation-grade kerosene, then the floor stocks tax is imposed on all aviation-grade kerosene that is held and is not exempt.

Part III

Line 4. Report on line 4 of Form 720 the total claims from line 16 of Schedule C. See the instructions on page 9.

Line 6. Include on line 6 the amount from line 11 of your previous return that you applied to this return and the amount from line 5b of Form 720X.

Note. Include on line 6 of your next return the amount from line 11 you want to have applied to that return.



If you owe other federal tax, interest, or penalty, the overpayment on line 11 and line 7 will first be applied to the unpaid amounts.

Line 10. Form 720-V, Payment Voucher, must be filed with Form 720 if you have a balance due on line 10.

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 \$2,500 for the quarter.
- The gas guzzler tax is being paid on a one-time filing. See *One-Time Filing* on page 2.

- The liability is for taxes listed in Part II (Form 720), except for the floor stocks tax, that generally requires a single deposit. See *Floor Stocks Tax* above.

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 accounts.

Electronic deposit requirement. You must make electronic deposits of all depository taxes (such as deposits for employment tax, excise tax, and corporate income tax) using the Electronic Federal Tax Payment System (EFTPS) in 2005 if:

- The total deposits of such taxes in 2003 exceeded \$200,000 or
- You were required to use EFTPS in 2004.

If you are required to use EFTPS and use Form 8109, Federal Tax Deposit Coupon, instead, you may be subject to a 10% penalty. If you are not required to use EFTPS, you may participate voluntarily. To get more information or to enroll in EFTPS, call 1-800-555-4477; or visit the EFTPS website at www.eftps.gov. Also see Publication 966, Electronic Choices for Paying ALL Your Federal Taxes.

Depositing on time. For EFTPS deposits to be on time, you must initiate the transaction at least one business day before the date the deposit is due.

Federal Tax Deposit Coupons. If you are not making deposits by EFTPS, use Form 8109 to make the deposits at an authorized financial institution. See the instructions in the coupon book for additional information. If you do not have a coupon book, call 1-800-829-4933.



You will automatically be enrolled in EFTPS when you apply for an EIN. You will receive a separate mailing containing instructions for activating your EFTPS enrollment after you receive your EIN. You will still have the option to use FTD coupons, but see Electronic deposit requirement above.

When To Make Deposits

There are two methods for determining deposits: the regular method and the alternative method.

The regular method applies to all taxes in Part I of Form 720 except for communications and air transportation taxes if deposits are based on amounts billed or tickets sold, rather than on amounts actually collected. See *Alternative method* below.

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

Regular method. The deposit of tax for a semimonthly period is due by the 14th day following that period. Generally, this is the 29th day of a month for the first semimonthly period and the 14th day of the following month for the second semimonthly period. If the 14th or the 29th day falls on a Saturday, Sunday, or legal holiday, you **must** make the deposit by the immediately **preceding** day that is not a Saturday, Sunday, or legal holiday.

Alternative method (IRS Nos. 22, 26, 27, and 28). Deposits of communications and air transportation taxes may be based on taxes included in 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 June 16-30, 2005, is considered collected from July 16-22, 2005, and must be deposited by July 27, 2005.

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.

The net amount of tax that is considered collected during the semimonthly period must be either:

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

Special rule for deposits of taxes in September 2005. If you are required to make deposits, see the chart below. The special rule does not apply to taxes not required to be deposited (see *Payment of Taxes* on page 7). See Regulations section 40.6302(c)-2 for rules to figure the net tax liability for the deposits due in September.

Additional deposit of taxes in September 2005

Type of Tax	For the Period		Due Date
	Beginning on	Ending on	
Regular method taxes			
EFTPS ¹	Sept. 16	Sept. 26	Sept. 29
Non-EFTPS	Sept. 16	Sept. 25	Sept. 28
Alternative method taxes (IRS Nos. 22, 26, 27, and 28) (based on amounts billed)			
EFTPS ¹	Sept. 1	Sept. 11	Sept. 29
Non-EFTPS	Sept. 1	Sept. 10	Sept. 28

¹See *Electronic deposit requirement* on page 7.



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

Amount To Deposit

Deposits of taxes for a semimonthly period must be at least 95% of the amount of net tax liability for that period, unless the safe harbor rule applies. See *Safe Harbor Rule* below.

The **net tax liability** for a semimonthly period is the total liability for the period minus any claims on Schedule C 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.



The net tax liability for a semimonthly period is not reduced by any amounts from Form 720X.

Safe Harbor Rule

The safe harbor rule applies separately to deposits under the regular method and the alternative method. Persons who filed Form 720 for the look-back quarter (the 2nd calendar quarter preceding the current quarter) are considered to meet the semimonthly deposit requirement if the deposit for each semimonthly period in the current quarter is at least 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 1 1/90 (12.23%), 10/90 (11.12%) for 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 1/6 (16.67%) of the net tax liability reported for the look-back quarter.

Exceptions. The safe harbor 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 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;
- Any quarter if liability includes any tax not in effect throughout the look-back quarter; or
- For deposits under the alternative method, any quarter if liability includes any tax not in effect throughout the look-back quarter and the month preceding the look-back quarter.

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

- Make each deposit timely at an authorized financial institution and
- Pay any underpayment for the current quarter by the due date of the return.

If you meet the requirements and use the safe harbor rule, check the box on line 5 of Form 720.



The IRS may withdraw the right to make deposits of tax using the safe harbor rule 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 \$2,500.

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...
Regular method	1	A–F
Alternative method	2	M–R

If you are reporting more than one type of tax on lines 1 and 2:

1. Add the net tax liability for each tax for each semimonthly period and
2. Enter the total in the applicable box.

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

- Actual collections on line 1.
- Amounts billed or tickets sold on line 2. The amount of tax to report for a semimonthly period is the net amount that is considered collected during that period.

Example. The amounts billed for communications services from June 1-15, 2005, are considered collected during the period July 1-7, 2005, and are reported for the 3rd quarter of 2005 on Schedule A in box **M**, not the 2nd quarter of 2005.

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 8) as follows:

<i>Regular method 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>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 2) Special rule for September box on the 4th quarter return .

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

<i>Regular method taxes</i>	Enter the liability for the period beginning September 26/27 and ending September 30 in box F .
<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 .

Schedule C—Claims

Complete all information requested for each line, including month income tax year ends and period of claim, or for line 14, earliest and latest date of sale included in the claim. Your claim will be disallowed if you do not follow the required procedures or do not provide all the required information. Also, you are certifying to the applicable statement(s) on Schedule C when you make a claim. See Pub. 378 and Pub. 510 for more information.

 **You must include in gross income (income tax return) the amount from line 4 of Form 720 if you took a deduction on the income tax return that included the amount of the taxes and that deduction reduced the income tax liability. See Publication 378 for more information.**

Do not use Schedule C:

- If you are not reporting a liability in Part I or Part II of Form 720.
- To claim amounts that you took or will take as a credit on Form 4136, Credit for Federal Tax Paid on Fuels, or as a refund on Form 8849, Claim for Refund of Excise Taxes, and its separate schedules.
- To request an abatement or refund of interest under section 6404(e) (due to IRS errors or delays) or an abatement or refund of a penalty or addition to tax under section 6404(f) (due to erroneous IRS written advice). Instead, use Form 843, Claim for Refund and Request for

Abatement. Also use Form 843 to request refund of the penalty under section 6715 for misuse of dyed fuel.

- To make adjustments to liability reported on Forms 720 filed for prior quarters, use Form 720X.



If you make a claim for alcohol or biodiesel used to produce an alcohol fuel mixture or biodiesel mixture, a claim for refund on Form 8849 can only be made after the sum of the alcohol fuel mixture credit and biodiesel mixture credit is first applied to your taxable fuel liability reported on Form 720 for any particular quarter. See Notice 2005-4 for more information.

Type of Use Table

The following table lists the nontaxable uses of fuels. You must enter the number from the table in the *Type of use* column as required.

No.	Type of Use
1	On a farm for farming purposes
2	Off-highway business (for business use other than in a highway vehicle registered or required to be registered for highway use) (other than use in mobile machinery)
3	Export
4	In a boat engaged in commercial fishing
5	In certain intercity and local buses
6	For diesel fuel or kerosene in a qualified local bus
7	In a bus transporting students and employees of schools (school buses)
8	For diesel fuel and kerosene (other than aviation-grade kerosene) used other than as a fuel in the propulsion engine of a train or diesel-powered highway vehicle (but not off-highway business use)
9	In foreign trade
10	Certain helicopter and fixed-wing air ambulance uses
11	For aviation-grade kerosene used other than as a fuel in the propulsion engine of an aircraft
12	In a highway vehicle owned by the United States that is not used on a highway
13	Exclusive use by a nonprofit educational organization
14	Exclusive use by a state, political subdivision of a state, or the District of Columbia
15	In an aircraft or vehicle owned by an aircraft museum
16	In military aircraft
17	For use in the production of special fuels

Claim requirements for lines 1 through 5 and line 11. The following requirements must be met:

1. The amount of the claim must be at least \$750 (combining amounts on lines 1, 2, 3, 4, 5, and 11). This amount may be met by:
 - a. Making a claim for fuel used during any quarter of a claimant's income tax year or

b. Aggregating amounts from any quarters of the claimant's income tax year for which no other claim has been made.

2. Claims must be filed during the first quarter following the last quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

3. Only one claim may be filed for any quarter.

4. The fuel must have been used for a nontaxable use during the *Period of claim*.

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

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Line 1. Nontaxable Use of Gasoline

Allowable uses. The gasoline must have been used during the period of claim for type of use 2, 3, 4, 5, 7, or 12. Type of use 2 does not include any personal use or use in a motorboat.

Line 2. Nontaxable Use of Aviation Gasoline

Allowable uses. For line 2b, the aviation gasoline must have been used during the period of claim for type of use 3, 9, 10, or 16.

Line 3. Nontaxable Use of Undyed Diesel Fuel



Line 3 cannot be used to make a claim for diesel fuel used on a farm for farming purposes or for exclusive use by a state or local government. Only registered ultimate vendors may make these claims. See the instructions for line 6 below.

Allowable uses. For line 3a, the diesel fuel must have been used during the period of claim for type of use 2, 3, 6, 7, 8, or 12. Type of use 2 does not include any personal use or use in a motorboat. Type of use 8 includes use as heating oil and use in a motorboat.

Line 4. Nontaxable Use of Undyed Kerosene (Other Than Aviation-Grade Kerosene)



Line 4 cannot be used to make a claim for kerosene used on a farm for farming purposes, for exclusive use by a state or local government, or for sales from a blocked pump. Only registered ultimate vendors may make these claims. See the instructions for line 7 on page 11.

Allowable uses. For line 4, the kerosene must have been used during the period of claim for type of use 2, 3, 6, 7, 8, or 12. Type of use 2 does not include any personal use or use in a motorboat. Type of use 8 includes use as heating oil and use in a motorboat.

Line 5. Nontaxable Use of Aviation-Grade Kerosene



Line 5 cannot be used to make a claim for aviation-grade kerosene used on a farm for farming purposes or for exclusive use by a state or local government.

Allowable uses. For line 5b (aviation-grade kerosene taxed at a rate of \$.219 per gallon), the aviation-grade

kerosene must have been used during the period of claim for type of use 3, 9, 10, 11, or 16.

Information for Claims on Lines 6 – 10

Registration number. To make an ultimate vendor claim on lines 6-10, you are required to have a registration number. Enter your registration number, including the prefix, on the applicable line for your claim. If you do not have a registration number, you cannot make a claim at this time. Use Form 637, Application for Registration (For Certain Excise Tax Activities), to apply for one.

Required certificate or waiver. The certificate for undyed diesel fuel or undyed kerosene must contain all the information as shown in the Model Certificate in Regulations section 48.6427-9(e)(2).

Model certificates or waivers for sales of undyed diesel fuel or undyed kerosene for use in certain intercity and local buses, aviation-grade kerosene, gasoline, and aviation gasoline can be found in Notice 2005-4.

Line 6a and 6b. 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. Write your **UV** registration number on the entry line for that number.

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 essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

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 requirement, amounts from line 6, 7, and line 8 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Information to be submitted. For claims on line 6a and 6b, 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 6c. Sales by Ultimate Vendors of Undyed Diesel Fuel for Use in Certain Intercity and Local Buses

Claimant. The registered ultimate vendor of the diesel fuel is eligible to make a claim on line 6c only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. Only one claim may be filed with respect to any gallon of diesel fuel.

Claim requirements. The following requirements must be met:

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 requirement, amounts from line 6, 7, and line 8 may be combined.

3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Lines 7a, 7b, and 7c. Sales By Registered Ultimate Vendors of Undyed Kerosene (Other Than Aviation-Grade Kerosene)

Claimant. The registered ultimate vendor of the kerosene is the only person eligible to make this claim. Write your **UV** registration number on the entry line for that number if you are making a claim on line 7a or 7b. For a claim on line 7c, write your **UP** registration number on the entry line.

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 essential government use by an Indian tribal government), or
- From a blocked pump.

Claim requirements. The following requirements must be met:

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. To meet this minimum, amounts from lines 7a, 7b, 7c, and 7d may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Information to be submitted. For claims on lines 7a and 7b, 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 7d. Sales by Ultimate Vendors of Undyed Kerosene for Use in Certain Intercity and Local Buses

Claimant. The registered ultimate vendor of the kerosene is eligible to make a claim on line 7d only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. Only one claim may be filed with respect to any gallon of kerosene.

Claim requirements. The following requirements must be met:

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. To meet this minimum, amounts from lines 7a, 7b, 7c, and 7d may be combined.

3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Line 8a and 8b. Sales By Registered Ultimate Vendors of Aviation-Grade Kerosene

Claimant. The registered ultimate vendor of the aviation-grade kerosene is eligible to make this claim only if the buyer waives his or her right by providing the registered ultimate vendor with an unexpired waiver. Only one claim may be filed with respect to any gallon of aviation-grade kerosene.

Allowable sales. The aviation-grade kerosene must have been sold during the *Period of claim*:

- For use in commercial aviation (except foreign trade),
- For types of use 3, 9, 10, or 16.

Claim requirements. The following requirements must be met:

1. The claim must be for aviation-grade kerosene 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 lines 6, 7, and 8 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Line 8c and 8d. Sales By Registered Ultimate Vendors of Aviation-Grade Kerosene

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

Allowable sales. The aviation-grade kerosene must have been sold during the *Period of claim*:

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

Claim requirements. The following requirements must be met:

1. The claim must be for aviation-grade kerosene 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 lines 6, 7, and 8 may be combined.

3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for the first quarter is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Information to be submitted. For claims on lines 8c and 8d, attach a separate sheet with the name and TIN of each farmer, custom harvester, or governmental unit to whom the aviation-grade kerosene was sold and the number of gallons sold to each.

Line 9a and 9b. Sales by Registered Ultimate Vendors of Gasoline

Claimant. The registered ultimate vendor of the gasoline is eligible to make a claim on lines 9a and 9b if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired certificate. Only one claim may be filed with respect to any gallon of gasoline.

Allowable sales. The gasoline must have been sold during the period of claim for:

- Use by a nonprofit educational organization or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

1. The claim must be for gasoline sold or used 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 lines 9a, 9b, 10a, and 10b may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for January and February is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claims* on page 13.

Information to be submitted. For claims on lines 9a and 9b, attach a separate sheet with the name and TIN of each nonprofit educational organization or governmental unit to whom the gasoline was sold and the number of gallons sold to each.

Line 10a and 10b. Sales by Registered Ultimate Vendors of Aviation Gasoline

Claimant. The registered ultimate vendor of the aviation gasoline is eligible to make a claim on lines 10a and 10b if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired certificate. Only one claim may be filed with respect to any gallon of aviation gasoline.

Allowable sales. The aviation gasoline must have been sold during the period of claim for:

- Use by a nonprofit educational organization or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

1. The claim must be for aviation gasoline sold or used 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 lines 9a, 9b, 10a, and 10b may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for January and February is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

If requirements 1-3 above are not met, see *Annual Claimson* page 13.

Information to be submitted. For claims on lines 10a and 10b, attach a separate sheet with the name and TIN of each nonprofit educational organization or governmental unit to whom the aviation gasoline was sold and the number of gallons sold to each.

Line 11. Nontaxable Use of Liquefied Petroleum Gas (LPG)

Allowable uses. For line 11(c), the taxed LPG must have been used during the period of claim for type of use: 1, 2, or 4.

Line 12. Alcohol Fuel Mixture Credit

Claimant. The person that produced and sold or used the mixture is the only person eligible to make this claim.

Claim requirements. The following requirements must be met:

1. The claim must be for an alcohol fuel mixture sold or used 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 lines 12 and 13 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for January and February is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

Line 13. Biodiesel Mixture Credit

Claimant. The person that produced and sold or used the mixture is the only person eligible to make this claim.

Claim requirements. The following requirements must be met:

1. The claim must be for a biodiesel mixture sold or used 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 lines 12 and 13 may be combined.
3. Claims must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar year income taxpayer's claim for January and February is due June 30 if filed on Form 8849. However, Form 720 must be filed by April 30.

Annual Claims

If a claim on lines 1-13 was not made for any gallons, an annual claim may be made. Generally, an annual claim is made on Form 4136 for the income tax year during which the fuel was used by the ultimate purchaser, sold by the registered ultimate vendor, used to produce an alcohol fuel mixture and biodiesel mixture, or used in mobile machinery to taxable years beginning after October 22, 2004. See Form 4136 for more information.

Line 14. Gasoline

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

Allowable sales. The fuel must have been sold for type of use 3, 4, 9, 13, 14, 16, or 17.

Claim requirement. Generally, the claim must be filed within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later.

Line 15. Other Claims

Use lines 15b and 15c for claims relating to taxes listed in the table below. See Pub. 510 for information on allowable claims relating to these taxes. If you need additional space, attach other sheet(s). You must include the following information for each claim.

- A detailed description of the claim.
- Any additional information required by the regulations.
- The amount of the claim.
- How you figured the claim amount.
- Any other information you believe will support the claim.

Claim requirement. Generally, the claim must be filed within 3 years from the time the return was filed or 2 years from the time the tax was paid, whichever is later.

Tax	CRN
Ozone-depleting chemicals (ODCs)	398
Truck, trailer, and semitrailer chassis and bodies, and tractors	383
Passenger vehicles (luxury tax)	392
Taxable tires	366
Gas guzzler automobiles	340
Vaccines	397
Sport fishing equipment	341
Fishing tackle boxes	387
Electric outboard motors	342

Bows, quivers, and broadheads	344
Arrow components	370

Unresolved Tax Issues

If you have attempted to deal with an IRS problem unsuccessfully, you should contact the Taxpayer Advocate. The Taxpayer Advocate independently represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

While Taxpayer Advocates cannot change the tax law or make a technical tax decision, they can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

Your assigned personal advocate will listen to your point of view and will work with you to address your concerns. You can expect the advocate to provide you with:

- A “fresh look” at your new or on-going problem.
- Timely acknowledgment.
- The name and phone number of the individual assigned to your case.
- Updates on progress.
- Timeframes for action.
- Speedy resolution.
- Courteous service.

When contacting the Taxpayer Advocate, you should provide the following information:

- Your name, address, and taxpayer identification number.
- The name and telephone number of an authorized contact person and the hours he or she can be reached.
- The type of tax return and year(s) or period(s) (for quarterly returns) involved.
- A detailed description of the problem.
- Previous attempts to solve the problem and the office you contacted.
- A description of the hardship you are facing (if applicable).

You may contact a Taxpayer Advocate by calling a toll-free number, 1-877-777-4778. Persons who have access to TTY/TDD equipment may call 1-800-829-4059 and ask for Taxpayer Advocate assistance. If you prefer, you may call, write, or fax the Taxpayer Advocate office in your area. See Publication 1546, The Taxpayer Advocate Service of the IRS, for a list of addresses and fax numbers.

Privacy Act and Paperwork Reduction Act Notice.

We ask for the information on these forms 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. Miscellaneous excise taxes are imposed under Subtitle D of the Internal Revenue Code. These forms are used to determine the amount of tax that you owe. Section 6011 requires you to provide the requested information. Section 6109 requires you to provide your taxpayer identification number (TIN). 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. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. 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., 26 min.	1 hr., 24 min.	5 hr., 20 min.
720-V	1 hr., 11 min.	— —	1 min.
Sch. A	1 hr., 54 min.	— —	1 min.
Sch. C	23 hr., 55 min.	30 min.	54 min.
720X	6 hr., 13 min.	18 min.	24 min.
6197	4 hr., 18 min.	12 min.	16 min.
6627	5 hr., 1 min.	6 min.	10 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms and related schedules simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send the tax forms to this office. Instead, see *Where To File* on page 2.
