

# Changes to Excise Taxes

## Announcement 97-25

### Purpose

To announce excise tax changes made by recent legislation:

- The air transportation taxes are **reinstated**;
- The tax rates on aviation fuel (other than gasoline) and aviation gasoline are increased; and
- Floor stocks fuel taxes on aviation fuel (other than gasoline) and aviation gasoline are imposed.

### Effective date

All changes listed in this announcement are effective March 7, 1997.

**Note:** *For the first quarter of 1997, taxpayers must use the tax rate changes in this announcement to report liabilities beginning March 7, 1997, on Form 720, Quarterly Federal Excise Tax Return.*

### Air transportation taxes

The table below shows the reinstated taxes and the applicable rates. The tax rates apply to all amounts paid for transportation after March 6, 1997, regardless of the transportation date.

IRS No.	Type of tax	Rate
26	Transportation of persons by air	10%
28	Transportation of property by air	6.25%
27	Use of international air travel facilities	\$6 per person

### Fuel taxes

The table below shows the increased rates.

IRS No.	Type of fuel	Tax rate per gallon
14	Aviation gasoline	\$.193
69	Aviation fuel (other than gasoline)	.218

---

**Fuel floor stocks taxes**

Floor stocks taxes are imposed on previously taxed aviation fuel (other than gasoline) or aviation gasoline held on March 7, 1997. The person holding the fuel on March 7, 1997, must pay the tax by August 1, 1997, and report it on the Form 720 for the third quarter of 1997.

The floor stocks taxes do not apply to:

- Aviation fuel (other than gasoline) or aviation gasoline held exclusively for use in foreign trade or in military aircraft;
- Aviation fuel (other than gasoline) held exclusively for use in domestic commercial aviation; and
- Fuel held by a person or related group of persons on March 7, 1997, if the aggregate amount of fuel is not more than 2,000 gallons. Fuel held for an exempt use is not taken into account for purposes of calculating the 2,000 gallons.

The table below shows the rates for the new fuel floor stocks taxes.

<b>IRS No.</b>	<b>Type of fuel</b>	<b>Rate per gallon</b>
95	Aviation fuel (other than gasoline)	\$.175
96	Aviation gasoline	.15

---

**Revising forms**

The changes will be reflected on the Form 720 for the second quarter of 1997, as well as on the next revision of Form 8849, Claim for Refund of Excise Taxes, and the 1997 Form 4136, Credit for Federal Tax Paid on Fuels.

---

**How to get forms**

IRS forms can be obtained by:

- Calling 1-800-829-3676 or
  - Using your personal computer by connecting to
    - File Transfer Protocol - <ftp://irs.ustreas.gov>
    - World Wide Web - <http://www.irs.ustreas.gov>
    - IRIS at FedWorld - 703-321-8020
-