

Tax on Certain Imported Substances; Notice of Determination

Notice 97-22

This notice announces a determination, under Notice 89-61, 1989-1 C.B. 717, that the list of taxable substances in § 4672(a)(3) will be modified to include diglycidyl ether of bisphenol-A. This modification is effective April 1, 1992.

Background

Under § 4672(a), an importer or exporter of any substance may request that the Secretary determine whether that substance should be listed as a taxable substance. The Secretary shall add the substance to the list of taxable substances in § 4672(a)(3) if the Secretary determines that taxable chemicals constitute more than 50 percent of the weight, or more than 50 percent of the value, of the materials used to produce the substance. This determination is to be made on the basis of the predominant method of production. Notice 89-61 sets forth the rules relating to the determination process.

Determination

On February 24, 1997, the Secretary determined that diglycidyl ether of bisphenol-A should be added to the list of taxable substances in § 4672(a)(3), effective April 1, 1992.

The rate of tax prescribed for diglycidyl ether of bisphenol-A, under § 4671(b)(3), is \$7.08 per ton. This is based upon a conversion factor for benzene of 0.459, a conversion factor for propylene of 0.494, a conversion factor for chlorine of 0.833, and a conversion factor for sodium hydroxide of 0.705.

The petitioner is Dow Chemical Company, a manufacturer and exporter of this substance. No material comments were received on this petition. The following information is the basis for the determination.

HTS number: 3907.3

CAS number: 025085-99-8

Diglycidyl ether of bisphenol-A (DGEBA) is derived from the taxable chemicals benzene, propylene, chlorine, and sodium hydroxide and produced predominantly from epichlorohydrin and bisphenol-A via a two-step reaction.

The stoichiometric material consumption formula for this substance is:

$2 \text{ C}_6\text{H}_6$ (benzene) + $4 \text{ C}_3\text{H}_6$ (propylene) + 4 Cl_2 (chlorine) + 6 NaOH (sodium hydroxide) + 2 O_2 (oxygen) -----> $(\text{CH}_3)_2\text{C}(\text{C}_6\text{H}_4\text{OC}_3\text{H}_5\text{O})_2$ (DGEBA) + CH_3COCH_3 (acetone) + 2 HCl (hydrogen chloride) + 6 NaCl (sodium chloride) + $5 \text{ H}_2\text{O}$ (water)

Diglycidyl ether of bisphenol-A has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute 92.95 percent by weight of the materials used in its production.

The principal author of this notice is Ruth Hoffman, Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Ruth Hoffman on (202) 622-3130 (not a toll-free number).
