

Items of Interest

Changes to Excise Taxes

Announcement 98-57

Purpose

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

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

Also included in this announcement are:

- A replacement for the **Rate Table for Fuel Tax Claims** for Form 8849 (Rev. January 1997), Claim for Refund of Excise Taxes;
 - Procedures for filing a claim for the nontaxable use of kerosene and sales of kerosene by registered ultimate vendors; and
 - A reminder of delayed deposit due dates for certain taxes.
-

Kerosene tax, New IRS No. 35

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

Floor stocks tax on kerosene, New IRS No. 103

A floor stocks tax is:

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

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

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

See Form 720 and its instructions.

Form 8849

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

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

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

Kerosene claims

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

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

Delayed deposits of certain excise taxes

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

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