

IRS Fuel Taxes

Meeting with the Environmental Protection Agency

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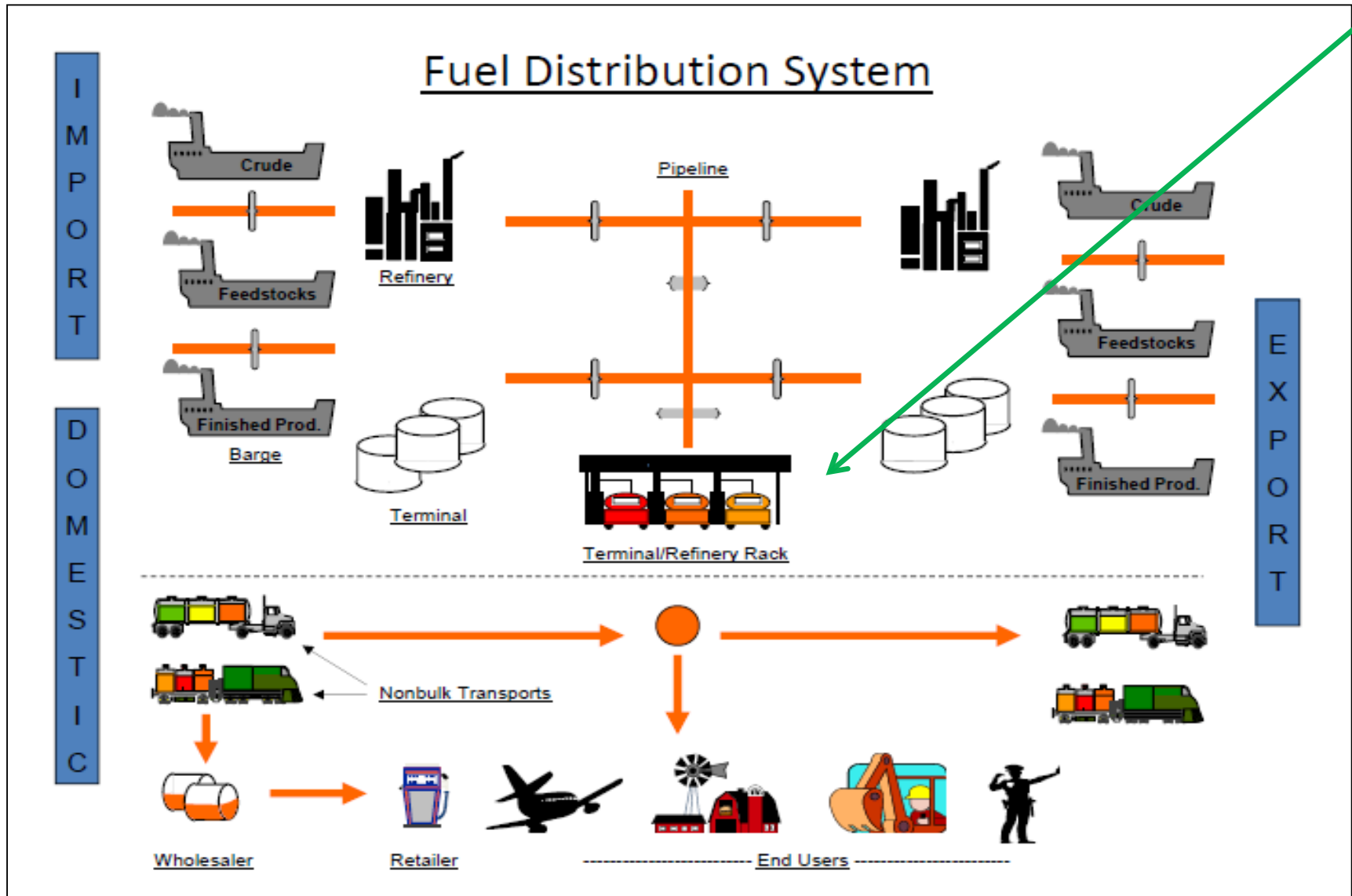
Small Business/Self-Employed Operating Division

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IRS Fuel Taxes

- Taxable Fuels - IRC section 4081
(gasoline, diesel fuel, kerosene)
- Other Fuels - IRC section 4041
(any liquid or certain gases other than taxable fuel, i.e., biodiesel, compressed natural gas, propane)

Fuel Distribution System



Bulk transfer/terminal system

- Refineries
- Pipelines
- Vessels
- Terminals

Taxable Fuel

IRC 4081

(Above the Rack)

Other Fuels

IRC 4041

(Below the Rack)

Wholesale distributor transactions / locations. End Users. Taxable fuel in the fuel supply tank of any engine, or in any rail car, trailer, truck, or other equipment suitable for ground transportation is not in the bulk transfer/terminal system.

Fuel Tax Registration Requirements

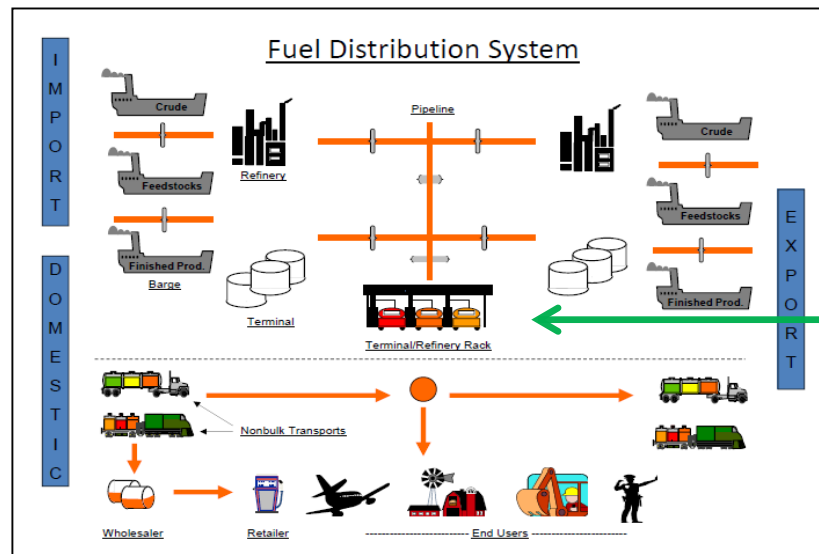
IRC Section 4101(a)(1) requires a registration with respect to the taxes imposed by IRC 4081.

- Position Holders
- Terminal Operators
- Refinery Operators
- Vessel Operators
- Pipeline Operators
- Blenders (Outside the transfer/terminal system)
- Enterers(Importers)

Imposition of Tax - Regulations

Tax on Removal at a terminal rack (§48.4081-2)

- The position holder is liable for the tax.



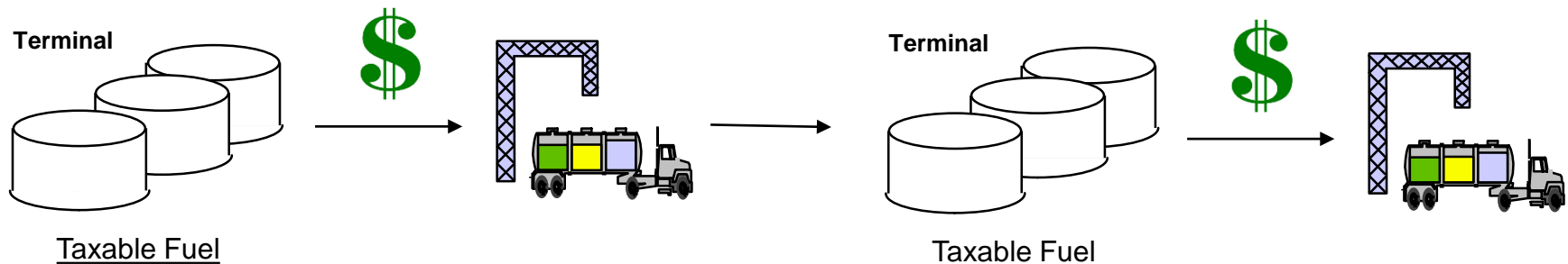
Imposition of Tax - Regulations

Taxable events *other than* removal at a terminal rack

- Removal from a refinery.
- Entry into the United States.
- Bulk transfer from a terminal by an unregistered position holder.
- Bulk transfers not received at an approved terminal or refinery.
- Sale to an unregistered person within the bulk transfer / terminal system
- Removal of blended taxable fuel by the blender.

Imposition of Tax - Regulations

- Tax can be imposed twice on the same taxable fuel.
 - IRC 4081(e) permits a refund (but not credit) of the second tax.



Other Fuels

- Other Fuels - IRC section 4041 (any liquid or certain gases other than taxable fuel, i.e., biodiesel, compressed natural gas, propane)

Point of Taxation



Delivery Into the Fuel Supply
Tank of a Highway Vehicle

Fuel Tax Filing/Reporting Requirements

- Form 720, *Quarterly Federal Excise Tax Return*
Information Reporting:
 - Form 720-TO, *Terminal Operator Report*
 - Form 720-CS, *Carrier Summary Report*
- Form 8849, *Claim for Refund of Excise Taxes*
 - Schedule 1, Nontaxable Use of Fuels
 - Schedule 2, Sales by Registered Ultimate Vendors
 - Schedule 3, Certain Fuel Mixtures & Alternative Fuel Credit
 - Schedule 5, Section 4081(e) Claims
 - Schedule 6, Other Claims
 - Schedule 8, Registered Credit Card Issuers
- Form 4136, *Credit for Federal Tax Paid on Fuels*

Resources

- Publication 510, *Excise Taxes (Including Fuel Tax Credits and Refunds)*
- **Publication 3536**, *Motor Fuel Excise Tax*
- **Publication 55-B**, *Internal Revenue Service Data Book*
- **www.irs.gov**