

## Environmental Taxes

▶ See instructions on page 3.  
 ▶ Attach to Form 720.

Name (as shown on Form 720)	Quarter ending	Employer identification number
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<b>Part I Tax on Petroleum</b>	(a) Barrels	(b) Rate	(c) Tax
<b>1</b> Crude oil received at a U.S. refinery . . . . .			
<b>2</b> Crude oil taxed before receipt at refinery . . . . .			
<b>3</b> Taxable crude oil. Subtract line 2 from line 1. Multiply column (a) by column (b) and enter the amount of tax in column (c) . . . . .		\$ .05 bbl.	\$
<b>4</b> Crude oil used in or exported from the U.S. before the tax was imposed. Multiply column (a) by column (b) and enter the amount of tax in column (c) . . . . .		\$ .05 bbl.	\$
<b>5</b> Total domestic petroleum oil spill tax. Add lines 3 and 4, column (c). Enter the total here and on Form 720 on the line for <b>IRS No. 18</b> . . . . . ▶			\$
<b>6</b> Imported petroleum products oil spill tax. Enter the number of barrels imported in column (a). Multiply column (a) by column (b) and enter the amount of tax in column (c). Also enter the amount on Form 720 on the line for <b>IRS No. 21</b> . . . . . ▶		\$ .05 bbl.	\$

### **Part II Tax on Ozone-Depleting Chemicals (ODCs), IRS No. 98**

**Elections.** If you elect to report the tax on post-1989 ODCs at the time you sell or use a mixture containing such chemicals instead of when you make the mixture, check this box (the 1990 election) . . . . . ▶

If you elect to report the tax on post-1990 ODCs at the time you sell or use a mixture containing such chemicals instead of when you make the mixture, check this box (the 1991 election) . . . . . ▶

(a) ODC	(b) Number of pounds	(c) Tax per pound (see Part II instructions)	(d) Tax (multiply column (b) by column (c))
<b>1</b>			
<b>2</b>			
<b>3</b>			
<b>4 Total ozone-depleting chemicals tax.</b> Add all amounts in column (d), include amounts from any additional sheets. Enter the total here and on Form 720 on the line for <b>IRS No. 98</b> . . . . . ▶			\$

**Part III ODC Tax on Imported Products, IRS No. 19**

**Election.** If you elect to report the tax on imported products at the time you import the products instead of when you sell or use the products, check this box

(a) Imported product and the applicable ODC	(b) Number of products	(c) ODC weight of product	(d) Tax per pound	(e) Entry value	(f) Tax (see Part III instructions)
1					
2					
3					
<b>4 Total ODC tax on imported products.</b> Add all amounts in column (f), include amounts from any additional sheets. Enter the total here and on Form 720 on the line for <b>IRS No. 19</b> . . . ▶					\$

**Part IV Tax on Floor Stocks of ODCs, IRS No. 20**

(a) ODC	(b) Number of pounds	(c) Tax per pound (see Part IV instructions)	(d) Tax (multiply column (b) by column (c))
1			
2			
3			
<b>4 Total floor stocks tax.</b> Add all amounts in column (d), include amounts from any additional sheets. Enter the total here and on Form 720 on the line for <b>IRS No. 20</b> . . . ▶			\$

## General Instructions

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

### What's New

The tax rates for ozone-depleting chemicals (ODCs) in Parts II and III have increased for 2008. See the listing below.

### Purpose of Form

Use this form to figure the environmental tax on petroleum, ODCs, imported products that used ODCs as materials in the manufacture or production of the product, and the floor stocks tax on ODCs. If you need more lines for any part of the form, prepare additional sheets using the same format as the part. Attach the additional sheets with Form 6627 to Form 720. See Pub. 510, Excise Taxes for 2008, for more information on environmental taxes. See the Instructions for Form 720 for information on when and where to file Form 6627.

### Who Must File

#### For petroleum:

- The operator of the refinery that receives crude oil.
- The user or exporter of crude oil before tax is imposed.
- The person entering the petroleum products for consumption, use, or warehousing.

#### For ODCs:

- The manufacturer or importer of ODCs who sells or uses those ODCs.
- The importer of taxable products who sells or uses those products.
- The person other than the manufacturer or importer of ODCs who holds ODCs for sale or use in manufacturing on January 1, 2008.

## Specific Instructions

### Part I. Tax on Petroleum (IRS Nos. 18 and 21)

**Crude oil.** Tax is imposed on domestic crude oil when it is received at a U.S. refinery. Crude oil includes crude oil condensates and natural gasoline. The operator of the refinery is liable for the tax. Tax is imposed on imported crude oil received at a U.S. refinery unless the imported petroleum products tax was imposed when the imported crude oil was entered into the U.S. The operator of a U.S. refinery that receives imported crude oil must establish that tax was previously imposed on the imported crude oil.

**User or exporter of crude oil.** Tax is imposed on domestic crude oil used or exported before it is received at a U.S. refinery. The user or exporter is liable for the tax. Crude oil used for extracting oil or natural gas on the premises where the crude oil is produced is not taxable.

**Imported petroleum products.** Tax is imposed on imported petroleum products when they are entered into the U.S. for use, consumption, or warehousing. Petroleum products include crude oil, refined and residual oil, and other liquid hydrocarbon refinery products. The person entering the petroleum product into the country is liable for the tax.

The tax on petroleum is imposed only once on any imported petroleum product. The enterer must provide documentation of the tax imposed on imported crude oil to the refinery operator if requested by the refinery operator.

**Fractional barrels.** Fractional barrels are taxed at a proportionate rate using the fraction produced by the number of gallons in the barrel over 42 gallons. Multiply the resulting fraction by the \$.05 per barrel tax.

### Part II. Tax on Ozone-Depleting Chemicals (ODCs), IRS No. 98

The following ODCs are taxable.

Post-1989 ODCs:	Tax Per Pound in 2008
CFC-11 . . . . .	\$11.20
CFC-12 . . . . .	11.20
CFC-113 . . . . .	8.96
CFC-114 . . . . .	11.20
CFC-115 . . . . .	6.72
Halon-1211 . . . . .	33.60
Halon-1301 . . . . .	112.00
Halon-2402 . . . . .	67.20
<b>Post-1990 ODCs:</b>	
Carbon tetrachloride . . . . .	12.32
Methyl chloroform . . . . .	1.12
CFC-13, CFC-111, CFC-112, and CFC-211 through CFC-217 . . . . .	11.20

**Mixture elections.** Generally, the creation of a mixture containing one or more ODCs by the manufacturer or importer of an ODC is treated as the use of the ODC in the mixture. However, the manufacturer or importer may elect to treat the sale or use of the mixture as the first sale or use of the ODC in the mixture.

**Post-1989 ODCs (the 1990 election).** If this election is made, the tax on the post-1989 ODCs (listed above) contained in the mixture is imposed on the date of sale or use of the mixture. To make the election, check the first box in Part II, under *Elections*. This election may be revoked only with the consent of the IRS.

**Post-1990 ODCs (the 1991 election).** If this election is made, the tax on the post-1990 ODCs (listed above) contained in the mixture is imposed on the date of sale or use of the mixture. To make the election, check the second box in Part II, under *Elections*. This election may be revoked only with the consent of the IRS.

**Column (c).** Enter the tax per pound using the chart above.

### Part III. ODC Tax on Imported Products, IRS No. 19

An imported taxable product is any product entered into the United States for consumption, use, or warehousing if any ODC was used as material in the manufacture or production of the product. The product must also be listed in the imported products table issued by the IRS. See Regulations section 52.4682-3(f)(6). The tax is based on the weight of ODCs used in the manufacture of the product. If the

weight cannot be determined under the exact method or table method (see below), the tax is 1% of the entry value of the product (value method).

**Importer election.** Generally, an imported taxable product is taxed when it is sold or used by the importer. However, an importer may elect to treat the entry of products into the United States as the use of such products. This election applies to all products held by the importer when the election becomes effective. It also applies to all products the importer enters into the United States after the election becomes effective. If an election applies to an imported taxable product, tax is imposed on the product on the date of entry. To make the election, check the box in Part III, under *Election*. This election may be revoked only with the consent of the IRS.

**Figure the ODC weight of the product as follows:**

**Exact method.** If you determine the weight of each ODC used as a material in the manufacture of the product and you can support this determination, the ODC weight is the weight you determine.

**Table method.** If you do not use the exact method and the ODC weight is listed in the imported products table, use the ODC weight listed to figure the tax. See Pub. 510 for more information.

**Figure the tax for Part III:**

**Column (a).** Enter the imported product and the applicable ODC. Use additional lines if there is more than one ODC.

**Column (b).** Enter the number of taxable products imported.

**Column (c).** Enter the ODC weight of the product in pounds. If you are using the value method, do not complete this column.

**Column (d).** Enter the tax per pound from the chart in the instructions for Part II on page 3. If you are using the value method, enter 1% (.01).

**Column (e).** If you are using the value method to figure the tax, enter the entry value of the total number of imported products.

**Column (f).** Figure the tax due by multiplying the number of products in column (b) by the ODC weight in column (c) by the tax per pound in column (d). If you are using the value method, multiply the 1% (.01) rate in column (d) by the entry value in column (e).

**Part IV. Tax on Floor Stocks of ODCs, IRS No. 20**

The floor stocks tax for 2008 is imposed on the following ODCs.

ODCs:	Tax Per Pound in 2008
CFC-11 . . . . .	\$ 0.45
CFC-12 . . . . .	0.45
CFC-113 . . . . .	0.36
CFC-114 . . . . .	0.45
CFC-115 . . . . .	0.27
Halon-1211 . . . . .	1.35
Halon-1301 . . . . .	4.50
Halon-2402 . . . . .	2.70
Carbon tetrachloride . . . . .	0.495
Methyl chloroform . . . . .	0.045
CFC-13, CFC-111, CFC-112, and CFC-211 through CFC-217 . . . . .	0.45

For 2008, you are liable for the floor stocks tax if, on January 1, you hold any of the following:

1. At least 400 pounds of ODCs, other than halons or methyl chloroform, subject to the floor stocks tax,
2. At least 50 pounds of halons, or
3. At least 1,000 pounds of methyl chloroform.

Report the tax on Form 6627 and Form 720 for the second calendar quarter of 2008. Payment of the tax is due by June 30, 2008.

**Column (c).** Enter the tax per pound using the chart above.