



# Instructions for Form 720

(Revised January 1992)

## Quarterly Federal Excise Tax Return

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

**Paperwork Reduction Act Notice.**—We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are:

Form	Recordkeeping	Learning about the law or the form	Preparing and sending the form to the IRS
720	12 hr., 40 min.	1 hr., 28 min.	6 hr., 32 min.
Sch. A	2 hr., 23 min.		2 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0023), Washington, DC 20503. DO NOT send these tax forms to either of these offices. Instead, see **Where To File** below.

### Changes You Should Note

- 1. Gas Guzzler Tax.**—Form 6197, Gas Guzzler Tax, is now required to be filed each quarter with Form 720. This change is effective for quarters beginning after December 31, 1991.
- 2. Ship Passenger Tax.**—The definition of "over 1 or more nights" has changed. See **Ship Passenger Tax** on page 2 for a complete explanation.
- 3. Alcohol Sold But Not Used As Fuel (IRS No. 51).**—The line for alcohol sold but not used as fuel has been moved from Part I of Form 720 to Part II.

### General Instructions

**Purpose of Form.**—Use Form 720 to report and pay the excise taxes listed on the form. File a return for each quarter. If you are not reporting a tax that you normally report, you must enter a zero on the appropriate line in Parts I or II. Also, if you have no tax to report, write "None" on lines 3 and 5, page 2, Part III, and sign the return.

**For Further Information.**—Refer to **Pub. 510**, Excise Taxes for 1992, for more information on the taxes reported on Form 720. Pub. 510 contains definitions and examples that will help you prepare Form 720 and the related attachments.

**When To File.**—Except as otherwise provided in the instructions, you must file a return for each quarter of the calendar year as follows:

Quarter covered	All excise taxes other than ODCs, comm., and air trans. due by	ODCs, comm., and air trans. due by
Jan., Feb., Mar.	Apr. 30	May 31
Apr., May, June	July 31	Aug. 31
July, Aug., Sept.	Oct. 31	Nov. 30
Oct., Nov., Dec.	Jan. 31	Feb. 28

The filing date for the floor stocks tax on ozone-depleting chemicals (ODCs) is August 31, 1992.

If any due date for filing a return falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

If you are reporting two or more excise taxes and they are due on different dates, use the later filing date. **File only one return each quarter.**

#### Where To File.—

If your principal business, office or agency, or legal residence in the case of an individual is located in	File with the Internal Revenue Service Center at
Florida, Georgia, South Carolina	Atlanta, GA 39901
New Jersey, New York (New York City and counties of Nassau, Rockland, Suffolk, and Westchester)	Holtsville, NY 00501
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Illinois, Iowa, Minnesota, Missouri, Wisconsin	Kansas City, MO 64999
Delaware, District of Columbia, Maryland, Pennsylvania, Virginia	Philadelphia, PA 19255
Indiana, Kentucky, Michigan, Ohio, West Virginia	Cincinnati, OH 45999
Kansas, New Mexico, Oklahoma, Texas	Austin, TX 73301

Alaska, Arizona, California (counties of Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Glenn, Humboldt, Lake, Lassen, Marin, Mendocino, Modoc, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, Shasta, Sierra, Siskiyou, Solano, Sonoma, Sutter, Tehama, Trinity, Yolo, and Yuba), Colorado, Idaho, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Ogden, UT 84201

California (all other counties), Hawaii	Fresno, CA 93888
Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Tennessee	Memphis, TN 37501

If you have no legal residence, principal place of business, or principal office or agency in any Internal Revenue district, file your return with the Internal Revenue Service Center, Philadelphia, PA 19255.

**Records.**—Keep copies of your tax return, records, and accounts of all transactions to show that the correct tax has been paid. Keep records to support all adjustments claimed and all exemptions at least 4 years from the latest of the following dates: (1) when the tax became due, (2) when you paid the tax, (3) when you claimed an adjustment, or (4) when you filed a claim for a refund. Your records must be available at all times for IRS inspection.

**Penalties and Interest.**—Avoid penalties and interest by filing returns and depositing and paying taxes when due. The law provides penalties for filing a return late; depositing taxes late; paying taxes late; willfully failing to collect and pay tax, keep records, or file a return; negligence; and fraud. These penalties are in addition to the interest charge on late payments. The penalty for filing a return late will not be imposed if you can show that the failure to file a timely return is due to reasonable cause. Those filing late (after the due date) must attach an explanation to the return to show reasonable cause.

**Change of Address.**—If you change your address after you file, use **Form 8822**, Change of Address, to notify the IRS.

### Specific Instructions

#### Name, Address, and Employer

**Identification Number.**—The first time you file Form 720, enter the required information. After that, the IRS will mail you a Package 720 with a preprinted label every quarter. Please use the preprinted label on your form. Include the suite, room, or other unit number after the street address on the label.

If you are not using a label, type or print your name, address (include the suite, room, or other unit number), quarter ending date (month and year), and employer identification number (EIN). Do not use an EIN of a former owner of the business. For information on applying for an EIN or filing a return if the EIN has not been received, see **Pub. 583**, Taxpayers Starting a Business.

**Final Return.**—If you are filing a Form 720 and you: (1) will not be liable for excise taxes reportable on Form 720 in future quarters, or (2) go out of business, or (3) stop collecting and paying over air transportation and

communications taxes reportable on Form 720, you must file a final return. Check the box on the final return line above Part I. For example, if you used to file a return only for diesel fuel and you no longer owe diesel fuel tax to the IRS, checking the final return box will stop the mailing to you of Package 720 each quarter.

## Part I

**Tax Computation Columns.**—Figure the tax for all items that apply in Part I. Add the amounts in the "Tax" column and enter the total on line 1, Part I. Do not enter adjustments in the tax column. See the instructions for adjustments on page 3.

Use **Schedule A (Form 720), Excise Tax Liability**, to record net tax liabilities for Part I taxes for each semimonthly period in a quarter. File this form with Form 720 each quarter. See the instructions on Schedule A for more information.

## Environmental Taxes

Use **Form 6627, Environmental Taxes**, to compute the liability for these taxes and attach it to Form 720 each quarter. The tax rates for the environmental taxes are shown on Form 6627.

From Form 6627	Enter on Form 720
Part I, line 5, col. (c)	IRS No. 53
Part I, line 6, col. (c)	IRS No. 18
Part I, line 7, col. (c)	IRS No. 16
Part I, line 8, col. (c)	IRS No. 21
Part II, line 43, col. (c)	IRS No. 54
Part III, line 6, col. (f)	IRS No. 17
Part IV, line 6, col. (f)	IRS No. 19

## Communications and Air Transportation Taxes

**Who Must File.**—The person receiving the payment for communications or air transportation services is required to collect and pay over the tax and file the return.

**a. Communications services (IRS No. 22).**—Enter the amount of tax collected or considered collected for the quarter. The tax is 3% of amounts paid for toll telephone service, teletypewriter exchange service, and local telephone service.

**b. Transportation of persons by air (IRS No. 26).**—Enter the amount of tax collected or considered collected for the quarter. The tax is 10% of amounts paid for taxable transportation of persons by air, including amounts paid for related seating or sleeping accommodations.

**c. Transportation of property by air (IRS No. 28).**—Enter the amount of tax collected or considered collected for the quarter. The tax is 6.25% of amounts paid for transportation of property by air.

**d. International air travel facilities (IRS No. 27).**—Enter the amount of tax collected or considered collected for the quarter. The tax is \$6 per person.

## Fuel Taxes

Use **Form 8743, Information on Fuel Inventories and Sales**, to compute the number of gallons subject to tax and attach it to Form 720 each quarter.

Fuel	IRS No.
Diesel fuel	60

Diesel fuel for use in trains	71
Diesel fuel for use in intercity or local buses	78
Special motor fuel	61
Other alcohol fuels	79
Gasoline	62
Gasoline sold for gasohol production	58
Gasohol	59
Aviation fuel (other than gasoline)	69
Gasoline (noncommercial aviation)	14
LUST	77

Transfer the number of gallons from line 8 of Form 8743 for each fuel to the proper line of Form 720. See the instructions on Form 8743 for more information.

**a. Special motor fuels (IRS No. 61).**—A \$.141 a gallon tax applies to special motor fuels sold for use or used in a motor vehicle or boat (other than a commercial fishing boat). Special motor fuels include benzol, benzene, naphtha, liquid petroleum gas (not subject to the \$.001 a gallon LUST tax), casinghead and natural gasoline, and any other liquid fuel (except gasoline, kerosene, gas oil, fuel oil, and diesel fuel).

**b. Other alcohol fuels (IRS No. 79).**—Report the tax for the following fuels on this line:

Fuel	Tax Rate per Gallon
Qualified ethanol . . . . .	\$.0865
Qualified methanol . . . . .	.0805
Qualified methanol and ethanol produced from natural gas . . . . .	.0710
Gasohol containing methanol . . . . .	.0810
Gasoline sold for gasohol containing methanol . . . . .	.0900
Special motor fuels/alcohol mixture containing ethanol . . . . .	.0870
Special motor fuels/alcohol mixture containing methanol . . . . .	.0810
Diesel/alcohol mixture containing ethanol . . . . .	.1470
Diesel sold for diesel/alcohol mixture containing ethanol . . . . .	.1633
Diesel/alcohol mixture containing methanol . . . . .	.1410
Diesel sold for diesel/alcohol mixture containing methanol . . . . .	.1566
Aviation fuel/alcohol mixture containing ethanol . . . . .	.0420
Aviation fuel sold for aviation/alcohol mixture containing ethanol . . . . .	.0467
Aviation fuel/alcohol mixture containing methanol . . . . .	.0360
Aviation fuel sold for aviation/alcohol mixture containing methanol . . . . .	.0399

## Luxury Taxes

**Aircraft, boats, passenger vehicles, furs, and jewelry (IRS Nos. 90, 91, 92, 93, and 94).**—Compute the tax on **Form 8807, Certain Manufacturers and Retailers Excise Taxes**, and attach it to Form 720. See the instructions on Form 8807 for more information.

From Form 8807	Enter on Form 720
Part II, line 6, col. (a)	IRS No. 90
Part II, line 6, col. (b)	IRS No. 91
Part II, line 6, col. (c)	IRS No. 92

Part II, line 6, col. (d)	IRS No. 93
Part II, line 6, col. (e)	IRS No. 94

## Aircraft Tax Imposed on Purchaser for Failure to Provide Certification of Business Use.

—An aircraft that is used 80% or more in a trade or business may be purchased free of the luxury tax. A statement certifying the 80% or more business use must be attached to the purchaser's income tax returns for the first 2 tax years ending after the date the aircraft was placed in service. If this statement is not attached to the income tax return for each of the 2 years, the luxury tax on the aircraft will be imposed on the due date (including extensions) of the income tax return to which the statement is not attached. This tax must be paid by the purchaser of the aircraft. Forms 720 and 8807 must be filed for the quarter in which the due date of the income tax return falls. If this luxury tax is the only reason the taxpayer is required to file Form 720, the one-time filing rules apply and the tax is paid when filing Form 720. See **One-Time Filings, Special Rules** on page 4. If the taxpayer otherwise has to file Form 720 for the quarter, the tax must be deposited. See **Payment of Taxes** on page 3. The taxpayer must also pay interest, figured at the underpayment rate under section 6621 and compounded daily, on the tax from the date of purchase of the aircraft until the date the tax is paid. Taxpayers who fail to pay the tax when due cannot claim any depreciation on the aircraft.

Use Part II of Form 8807 and Worksheet I in the instructions for Form 8807 to compute the aircraft luxury tax. Enter the amount of tax due on line 6 of Part II, and transfer this amount to the line for IRS No. 90 on Form 720. Write "Section 4003(c)(3) interest" and the amount of interest due beneath the entry space for line 16 on page 2 of Form 720.

## Retail Tax

**Truck, trailer, and semitrailer chassis and bodies; tractors (IRS No. 33).**—Compute the tax on Form 8807 and attach it to Form 720. Enter the amount from Form 8807, Part I, line 8 on the line for IRS No. 33.

## Ship Passenger Tax

**Transportation by water (IRS No. 29).**—A tax is imposed on the operator of commercial ships. The tax is \$3 for each passenger on a commercial passenger ship that has berth or stateroom accommodations for at least 17 passengers if the trip is over 1 or more nights. The tax also applies to passengers on any commercial ship that transports passengers engaged in gambling beyond the territorial waters of the United States.

The definition of "over 1 or more nights" has changed. "Over 1 or more nights" is now defined as one complete period of darkness or 24 hours, whichever is less. "One complete period of darkness" is defined as beginning at 6:00 P.M. local time and ending at 6:00 A.M. local time the following day. Previously, "over 1 or more nights" was defined as more than 17 hours. This change is effective for voyages beginning on or after January 1, 1990.

Enter the number of passengers for the quarter on the line for IRS No. 29.

## Manufacturers Taxes

**Caution:** Do not include the excise tax on coal in the sales price when determining which tax rate to use.

**a. Underground mined coal (IRS Nos. 36 and 37).**—The tax on underground mined coal is the lower of \$1.10 per ton or 4.4% of the sales price. Enter on the line for IRS No. 36 the number of tons of underground mined coal sold at \$25 or more per ton. Enter on the line for IRS No. 37 the total sales price for all sales of underground mined coal sold at a selling price of less than \$25 per ton.

**b. Surface mined coal (IRS Nos. 38 and 39).**—The tax on surface mined coal is the lower of \$.55 per ton or 4.4% of the sales price. Enter on the line for IRS No. 38 the number of tons of surface mined coal sold at \$12.50 or more per ton. Enter on the line for IRS No. 39 the total sales price for all sales of surface mined coal sold at a selling price of less than \$12.50 per ton.

**c. Highway-type tires (IRS No. 66).**—The tax applies only to highway-type tires and is as follows:

1. For tires weighing more than 40 pounds but not more than 70 pounds— \$.15 a pound for each pound over 40 pounds.

2. For tires weighing more than 70 pounds but not more than 90 pounds— \$4.50 PLUS \$.30 a pound for each pound over 70 pounds.

3. For tires weighing more than 90 pounds—\$10.50 PLUS \$.50 a pound for each pound over 90 pounds.

Compute the tax for each tire sold and enter the total for the quarter on the line for IRS No. 66.

**d. Gas guzzler tax (IRS No. 40).**—Use Form 6197, Gas Guzzler Tax, to compute the liability for this tax and attach it **each quarter** to Form 720. The tax rates for the gas guzzler tax are shown on Form 6197.

**e. Vaccine tax (IRS Nos. 81, 82, 83, and 84).**—Enter the number of doses of each vaccine on Form 720. The taxable vaccines are: DPT (diphtheria, pertussis, and tetanus); DT (diphtheria-tetanus); MMR (measles, mumps, and rubella); and Polio.

## Other Excise Taxes

**a. Policies issued by foreign insurers (IRS No. 30).**—Enter the amount of premiums paid during a quarter on policies issued by foreign insurers. Multiply the premium paid by the rates listed on Form 720 and enter the total for the three types of insurance on the line for IRS No. 30.

**Treaty-based return positions under section 6114.**—Foreign insurers and reinsurers who take the position that a treaty of the United States overrules, or otherwise modifies, an Internal Revenue law of the United States must disclose such position. This disclosure must be made once a year on a statement filed with the first quarter Form 720, which is due before May 1, 1992. The statement must report the payments of premiums that are exempt from the excise tax on policies issued by foreign insurers.

**How to file.**—Send the Form 720 with the attached statement to: Internal Revenue Service, P.O. Box 21086, Philadelphia, PA 19114. At the top of Form 720 write "Section 6114 Treaty." You need an EIN to file Form 720. If you do not have an EIN, get Form SS-4, Application for Employer Identification Number, for instructions on how to apply for an EIN. Provided you have no other transactions reportable on Form 720, check the "final return or one-time filing" box on

page 1, write "None" on lines 1, 3, and 5, and sign the return.

**b. Obligations not issued in registered form (IRS No. 31).**—Enter the principal amount of the obligation multiplied by the number of calendar years (or portion thereof) during the period beginning on the issue date and ending on the maturity date on the line for IRS No. 31.

## Part II

**Tax computation columns.**—Figure the tax for all items that apply in Part II. Add the amounts in the "Tax" column and enter the total on line 2, Part II. Do not enter adjustments in the tax column. See the instructions below for adjustments.

**a. Bows and arrows, sport fishing equipment, electric outboard motors, and sonar devices (IRS Nos. 41, 42, and 44).**—

Compute the tax on Form 8807 and attach it to Form 720. See the instructions on Form 8807 for more information.

From Form 8807	Enter on Form 720
----------------	-------------------

Part I, line 8, col. (b)	IRS No. 41
--------------------------	------------

Part I, line 8, col. (c)	IRS No. 42
--------------------------	------------

Part I, line 8, col. (d)	IRS No. 44
--------------------------	------------

**b. Inland waterways fuel use (IRS No. 64).**—

Compute the number of gallons of fuel subject to tax on Form 8743 and attach it to Form 720.

**c. Alcohol sold as but not used as fuel (IRS No. 51).**—Alcohol, either mixed or straight, designated for use as fuel is eligible for a credit. Form 6478, Credit for Alcohol Used as Fuel, is used to compute the credit. If the credit was determined and any person later either (1) uses a mixture or straight alcohol for a purpose other than fuel, (2) separates the alcohol from the mixture, or (3) mixes the straight alcohol, an excise tax is imposed. The tax is \$.54 a gallon (\$.64 a gallon if the alcohol benefited from the small ethanol producer credit) for each gallon of alcohol that is at least 190 proof and \$.40 a gallon (\$.50 a gallon if the alcohol benefited from the small ethanol producer credit) for each gallon of alcohol that is at least 150 proof but less than 190 proof.

**d. Ozone-depleting chemicals (ODCs) floor stocks tax (IRS No. 20).**—Use Form 6627 to compute the liability for this tax. Enter the amount from Form 6627, Part V, line 6, column (d) on the line for IRS No. 20. Attach Form 6627 to Form 720 for the second quarter of 1992. Deposit the payment by June 30, 1992, at an authorized depository. See **How To Make Deposits** below.

## Part III

**Line 4, Adjustments.**—Generally, you may make adjustments for taxes reported on Form 720. These adjustments may be to correct math errors or to adjust payments of tax on transactions, charges, or processings that are entitled to be made tax free.

**Note:** *If you are due a credit for taxes reported on the form, you may claim a credit on line 4 up to the amount of the total tax for the quarter. You should use Form 843, Claim for Refund and Request for Abatement, or, if applicable, Form 4136, Credit for Federal Tax on Fuels, to obtain any remaining refund or credit.*

On line 4, enter the total of any adjustments claimed. If an amount is included on line 4, a statement must be attached for each adjustment claimed.

**Note:** *If you do not attach a statement explaining the adjustment, it will delay the processing of your return. If the adjustment is a credit, it may be disallowed until the statement is provided.*

The attached statement must include:

- The IRS Nos. on Form 720 being adjusted.
- An explanation of why you are claiming a reduction in tax or reporting additional tax. Include in your explanation the type of business operation, such as a manufacturer or an importer.
- A statement that you have the required supporting evidence.
- The amount of reduction claimed or additional tax reported for each IRS No.
- If the adjustment is a credit for a tax you previously reported on Form 720, indicate when the return was filed reporting the tax. If the adjustment is reporting additional tax, indicate the quarters in which the tax should have been reported.

See the applicable regulations for the circumstances under which you may make adjustments and the evidence you need to support adjustments.

**Lines 6–11.**—Only complete lines 6–11 if you have an entry on line 1 of Part I **AND** line 2 of Part II. Report any adjustment for Part I taxes included on line 4 again on line 7. Report any adjustment for Part II taxes included on line 4 again on line 10.

**Lines 13 and 16, Overpayment.**—If you deposited more than the amount you owed for a quarter, you may have the overpayment applied to your next return or refunded to you. Enter the amount in the space on line 16. Enter on line 13 of your next return the amount you want to have applied to that return.

**Caution:** *If you owe other Federal tax, interest, or penalty, the overpayment on line 16 will be applied to the unpaid amounts.*

## Payment of Taxes

Generally, deposits of excise taxes are required. However, no deposits are required for the taxes listed in Part II of Form 720. These taxes are payable with the return. No deposits are required for one-time filings.

### How To Make Deposits

Deposit Federal excise tax payments with a Form 8109, Federal Tax Deposit Coupon, at an authorized depository or the Federal Reserve bank serving the area in which you are located. See the instructions in the coupon book for additional information. If you do not have a coupon book, contact your IRS district office.

To avoid a penalty, make your deposits timely and do not mail your deposits directly to the IRS. Records of your deposits will be sent to the IRS for crediting to your business accounts.

Generally, if any due date for making a deposit falls on a Saturday, Sunday, or legal holiday, you may file the return on the next business day.

## When To Make Deposits

There are new deposit rules for quarters beginning after March 31, 1991. Deposits must be made semimonthly for all taxes reported on Form 720 that are subject to deposit requirements, regardless of the amount of liability. Generally, these taxes are listed in Part I of Form 720. The monthly deposit rules have been eliminated. The only exceptions to the deposit rules for taxes listed in Part I are one-time filings of the gas guzzler tax and luxury tax. See the instructions for **One-Time Filings, Special Rules** below.

**Semimonthly Period.**—A semimonthly period is the first 15 days of a month or the 16th through the last day of a month.

**The 9-Day Rule.**—Generally, deposits for taxes listed in Part I of Form 720 for a semimonthly period are due by the 9th day of the following semimonthly period. Usually, this will be the 24th day of a month and the 9th day of the following month. The 9-day rule applies to communications and air transportation taxes if the deposit is based on the amount of tax actually collected during a semimonthly period. See **Communications and Air Transportation Taxes** below for the deposit due date if the deposits are based on amounts billed or tickets sold.

If you are depositing more than one 9-day-rule tax, combine the deposit for each tax and make one deposit for the semimonthly period.

**Communications and Air Transportation Taxes.**—If the amount to deposit for a semimonthly period is computed on the basis of amounts billed for communications services or tickets sold for domestic air transportation of persons, that amount is considered collected during the first week of the second following semimonthly period. Deposit the tax within 3 banking days after the end of that week.

If the amount to deposit for a semimonthly period is computed on the basis of amounts billed or tickets sold for air transportation of property or use of international air travel facilities, that amount is considered collected during the second following semimonthly period. Deposit the tax within 3 banking days after the end of that period.

In determining banking days, do not count local banking holidays observed by depositories or Saturdays, Sundays, and legal holidays.

**The 30-Day Rule.**—Deposits of the ODCs tax (IRS No. 19) for a semimonthly period are due by the end of the second following semimonthly period.

**The 14-Day Rule.**—This rule only applies to the gasoline tax (IRS Nos. 62, 58, and 59). If a qualified person makes a deposit of gasoline tax by means of a transfer between accounts in a Government depository, the deposit for a semimonthly period is due by

the 14th day of the following semimonthly period. However, if the due date of the deposit falls on a Saturday, Sunday, or a legal holiday in the District of Columbia, the due date will be the immediately preceding day that is not a Saturday, Sunday, or legal holiday in the District of Columbia.

A qualified person is an independent refiner or a person whose average daily production of crude oil for the preceding calendar quarter was 1,000 barrels or less.

**Special rule for semimonthly deposits of gasoline taxes for September 1992.**—You must deposit gasoline taxes for the period beginning September 16 and ending September 22 by September 25, 1992. The 14-day rule does not apply to this deposit. Deposit the tax for the period beginning September 23 and ending September 30 on the normal due date for the semimonthly period.

## Amount To Deposit

Deposits for a semimonthly period generally must equal the amount of net tax liability incurred during that period or the amount of tax actually collected during that period.

**Safe Harbor Rules.**—There is one general safe harbor rule and one special safe harbor rule for new filers of Form 720.

The general rule applies to persons that filed a Form 720 for the second calendar quarter preceding the current quarter (the look-back quarter). Persons that filed for the look-back quarter are considered to meet the semimonthly deposit requirement if:

1. The deposit for each semimonthly period in the current quarter is not less than  $\frac{1}{4}$  (16.67%) of the net tax liability reported for the look-back quarter;
2. Each deposit is timely made at an authorized Government depository; and
3. Any underpayment for the current quarter is paid by the due date of the return. However, if the due date of the return is extended because you report taxes with a different return due date, you must deposit on the earlier due date any underpayment for taxes ordinarily reported on the earlier date.

All three requirements must be satisfied for the safe harbor rule to apply.

The special safe harbor rule applies to new filers of Form 720. New filers are considered to meet the semimonthly deposit requirement for the current quarter if:

1. The deposit for each semimonthly period in the current quarter is not less than 90% of the net tax liability reported for that semimonthly period;
2. Each deposit is timely made at an authorized Government depository; and
3. Any underpayment for the current quarter is paid by the due date of the return.

All three requirements must be satisfied for the safe harbor rule to apply.

**Communications and Air Transportation Taxes.**—If you compute your deposit based on amounts billed or tickets sold, the amount to deposit for a semimonthly period is the amount considered collected during the semimonthly period.

## One-Time Filings, Special Rules

If you import for personal use a gas guzzling automobile or an article subject to the luxury tax, you may be eligible to make a one-time filing of Form 720 and Form 6197 and/or Form 8807. You may make a one-time filing to report the gas guzzler tax or the luxury tax if you meet all three of the following conditions:

1. You do not use the automobile or luxury article in the course of any trade or business;
2. You do not import gas guzzling automobiles or luxury articles in the course of your trade or business; and
3. You are not required to file Form 720 reporting excise taxes for the calendar quarter, except for one-time filings.

The following rules apply if you are making a one-time filing:

1. File the return for the quarter in which you incur liability for the tax. The due dates of Form 720 are listed under **When To File** on page 1.
2. Pay the tax with the return. No deposits are required.
3. If you are an individual and do not have an EIN, enter your social security number on Form 720 on the line for the employer identification number.
4. Check the final return or one-time filing box on page 1.

**Example:** *In August 1992, A, an individual, imports an automobile into the United States and uses it for personal use. The automobile has a fuel economy rating of 15 miles per gallon, so A is liable for the gas guzzler tax. The adjusted sales price of the automobile is \$40,000, so A is also liable for the luxury tax. A does not use the automobile in the course of any trade or business, does not import gas guzzling automobiles or luxury automobiles in the course of his or her trade or business, and is not otherwise required to file a Form 720 for the calendar quarter. Therefore, A's Form 720, Form 6197, and Form 8807 for the third calendar quarter of 1992 is a one-time filing. A does not have to deposit the gas guzzler tax of \$4,500 and the luxury tax of \$1,000. Instead, A pays with the return. Also, A uses his or her social security number on Form 720, Form 6197, and Form 8807 instead of applying for an EIN.*