



Instructions for Form 6627

(Revised July 1994)

Environmental Taxes

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

Paperwork Reduction Act Notice.—We ask for the information on this form 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 this form will vary depending on individual circumstances. The estimated average times are: **Recordkeeping**, 21 hr., 2 min.; **Learning about the law or the form**, 6 min.; **Preparing, copying, assembling, and sending the form to the IRS**, 26 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the instructions for **Form 720**, Quarterly Federal Excise Tax Return.

Change To Note

The oil spill tax has been reapplied effective July 1, 1994. The oil spill tax rate of 5 cents per barrel has been combined with the superfund tax rate of 9.7 cents per barrel on lines 3, 4, and 6 on Form 6627.

General Instructions

Purpose of Form

Use this form to figure the environmental tax on petroleum, chemicals (other than ozone-depleting chemicals (ODCs)), imported chemical substances, ODCs, imported products containing ODCs, and the floor stocks tax on ODCs. If you need more lines for any part of the form, prepare a continuation sheet using the same format as the part. Attach the continuation sheet with Form 6627 to Form 720. See **Pub. 510**, Excise Taxes for 1994, for more information on environmental taxes. See the separate instructions for Form 720 for information on when and where to file these forms.

Who Must File

For petroleum—

1. The operator of the refinery;
2. The importer of petroleum products; or
3. The person who uses or exports crude oil before the tax is imposed.

For chemicals—The manufacturer or importer of chemicals who sells or uses those chemicals.

For imported chemical substances—The importer of substances who sells or uses those substances.

For ozone-depleting chemicals—

1. The manufacturer or importer of ODCs who sells or uses those ODCs;
2. The importer of taxable products who sells or uses those products; or
3. The person other than the manufacturer or importer of ODCs who holds ODCs for sale or use in manufacturing on January 1, 1994.

Specific Instructions

Part I—Tax on Petroleum

Fractional barrels are taxed at a proportionate rate. Multiply the fraction produced by the number of gallons involved over 42 gallons by the tax per barrel (e.g., 29/42 x 14.7 cents per barrel).

The 14.7 cents per barrel tax includes the 9.7 cents per barrel superfund tax and the 5 cents per barrel oil spill tax.

Part III—Tax on Imported Chemical Substances

Note: *The list of taxable imported chemical substances is arranged in effective date order. Also, there are 29 new taxable substances listed in bold under the appropriate effective date.*

Initial list, effective January 1, 1989:

| | |
|-------------------------------------|------------------------------|
| acetone | nickel oxide |
| acrylic and methacrylic acid resins | nickel powders |
| acrylonitrile | nickel waste and scrap |
| ammonium nitrate | phenolic resins |
| carbon tetrachloride | phthalic anhydride |
| chloroform | polybutadiene |
| chromic acid | polyethylene resins (total) |
| cumene | polypropylene |
| cyclohexane | polypropylene resins |
| ethyl alcohol for nonbeverage use | polystyrene |
| ethyl methyl ketone | homopolymer resins |
| ethylbenzene | polystyrene resins |
| ethylene dichloride | and copolymers |
| ethylene glycol | polyvinylchloride resins |
| ethylene oxide | propylene glycol |
| ferrochrome ov 3 pct. carbon | propylene oxide |
| ferrochromium nov 3 pct. | styrene |
| ferronickel | styrene-butadiene (latex) |
| formaldehyde | styrene-butadiene (nspf) |
| hydrogen peroxide | synthetic rubber |
| isophthalic acid | (not containing fillers) |
| isopropyl alcohol | unwrought nickel |
| maleic anhydride | urea |
| melamine | vinyl chloride |
| methanol | vinyl resins |
| methylene chloride | vinyl resins (nspf) |
| | wrought nickel rods and wire |

Effective April 1, 1990:

| | |
|----------------------|-----------------------|
| linear alpha olefins | polyethylene |
| polyalphaolefins | terephthalate pellets |

Effective July 1, 1990:

| | |
|-------------------------|---------------------------------|
| 1, 3-butylene glycol | methyl acrylate |
| 2-ethyl hexanol | methyl chloroform |
| 2-ethylhexyl acrylate | methyl isobutyl ketone |
| acetic acid | normal butyl acetate |
| adipic acid | normal propyl acetate |
| alpha-methylstyrene | ortho-nitrochlorobenzene |
| bisphenol-A | paraformaldehyde |
| butyl acrylate | para-nitrochlorobenzene |
| decabromodiphenyl oxide | para-nitrophenol |
| ethyl acrylate | pentaerythritol |
| ethylene dibromide | perchloroethylene |
| formic acid | tetrabromobisphenol-A |
| isobutyl acetate | trichloroethylene |
| isopropyl acetate | trimethylolpropane |
| | vinyl acetate |

Effective October 1, 1990:

| | |
|---------|----------|
| butanol | propanol |
|---------|----------|

di-n-hexyl adipate

ortho-dichlorobenzene

para-dichlorobenzene

poly (69/31 ethylene/

cyclohexylenedimethylene terephthalate)

poly (96.5/3.5 ethylene/

cyclohexylenedimethylene terephthalate)

poly (98.5/1.5 ethylene/

cyclohexylenedimethylene terephthalate)

Effective January 1, 1991:

glycerine

polybutene

phenol

terephthalic acid

Effective April 1, 1991:

2,2,4-trimethyl-1,3-pentanediol disubutyrate

2,2,4-trimethyl-1,3-pentanediol monoisobutyrate

Effective October 1, 1991:

acetylene black

Effective April 1, 1992:

dimethyl terephthalate **hexamethylenediamine**

Effective October 1, 1992:

allyl chloride **epichlorohydrin**

Effective January 1, 1993:

aniline **diphenylamine**

Effective April 1, 1993:

diphenyl oxide

sodium nitriolotriacetate

monohydrate

tetrachlorophthalic anhydride

Effective July 1, 1993:

benzaldehyde **benzoic acid**

polycarbonate

Effective October 1, 1993:

di-2-ethyl hexyl phthalate

Effective October 1, 1994:

1,4 butanediol **tetrahydrofuran**

Note: *When these instructions went to print, the IRS had not made final determinations on*

other substances that may be added to the list.

The imported chemical substance tax is equal to the chemical tax that would have been imposed on the taxable chemicals (listed in Part II, Form 6627) used as materials in the manufacture of the substance if such substance had been manufactured in the United States. Calculate the tax by determining the number of tons of each taxable chemical used to manufacture 1 ton of the substance (the conversion factor), or by determining the percentage of taxable metal in the substance.

If you do not have enough information to determine the conversion factor or the percentage of metal, then the tax is 5% of the entry value of the substance.

Lines 1-3, column (a).—Enter the imported chemical substance. See the list of substances above.

Lines 1-3, column (c).—Enter each taxable chemical used in the manufacture of the substance.

Lines 1-3, column (d).—Enter the conversion factor for the chemical, the percentage of metal, or the entry value of the total amount of substance imported.

Lines 1-3, column (e).—Enter the tax rate of the chemical (from Part II, Form 6627) or 5% if you are figuring the tax based on the entry value.

Lines 1-3, column (f).—Figure the tax due by multiplying the number of tons in column (b) by the percentage or factor in column (d) by the rate in column (e) for each chemical listed. If you use the entry value to figure the tax, multiply the entry value in column (d) by the rate (5%) in column (e).

Part IV—Tax on Ozone-Depleting Chemicals

Ozone-Depleting Chemicals (IRS No. 98).—The following ozone-depleting chemicals are taxable.

| Ozone-Depleting Chemicals: | Tax Per Pound in 1994 |
|--------------------------------|-----------------------|
| CFC-11 | \$4.35 |
| CFC-12 | 4.35 |
| CFC-113 | 3.48 |
| CFC-114 | 4.35 |
| CFC-115 | 2.61 |
| Halon-1211 | 13.05 |
| Halon-1301 | 43.50 |
| Halon-2402 | 26.10 |
| Carbon tetrachloride | 4.785 |
| Methyl chloroform | 0.435 |
| CFC-13 | 4.35 |
| CFC-111 | 4.35 |
| CFC-112 | 4.35 |
| CFC-211 | 4.35 |
| CFC-212 | 4.35 |
| CFC-213 | 4.35 |
| CFC-214 | 4.35 |
| CFC-215 | 4.35 |
| CFC-216 | 4.35 |
| CFC-217 | 4.35 |

ODCs used in the manufacture of rigid foam insulation are taxed at the rate of \$4.35 per pound.

ODCs used as medical sterilants are taxed at the rate of \$4.35 per pound. ODCs used as propellants in metered-dose inhalers are taxable at the rate of \$1.67 per pound.

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).—This election applies to any mixture sold or used after 1989, including any mixture created before 1990, and the tax on the post-1989 ODCs in the mixture is imposed on the date of sale or use of the mixture. This election is made by checking the first box in Part IV, Form 6627, under **Elections**. The election may be revoked only with the consent of the IRS. The post-1989 ODCs are CFC-11, CFC-12, CFC-113, CFC-114, CFC-115, Halon-1211, Halon-1301, and Halon-2402.

Post-1990 ODCs (the 1991 election).—This election applies to any mixture sold or used after 1990, including any mixture created before 1991, and the tax on the post-1990 ODCs contained in the mixture is imposed on the date of sale or use of the mixture. This election is made by checking the second box in Part IV, Form 6627, under **Elections**. This election may be revoked only with the consent of the IRS. The post-1990 ODCs are carbon tetrachloride, methyl chloroform, CFC-13, CFC-111, CFC-112, CFC-211, CFC-212, CFC-213, CFC-214, CFC-215, CFC-216, and CFC-217.

Lines 1-3, column (c).—Enter the tax from the chart above.

Part V—Tax on Imported Products Containing ODCs

Imported Taxable Products (IRS No. 19).—A product is an imported taxable product only if it is 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 is unknown, 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 entered into the United States after 1989, tax is imposed on the product on the date of entry. This election is made by checking the box in Part V, Form 6627, under **Election**. The election may be revoked only with the consent of the IRS.

Figure the ODC weight as follows:

1. 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 of the product is the weight you determine.

2. Table method.—If you do not use the exact method for determining the ODC weight of the product and the ODC weight is listed in the imported products table, the ODC weight used in figuring the tax is the weight listed.

Lines 1-3, column (a).—Enter the imported product and the applicable ODC. Use additional lines if there is more than one ODC.

Lines 1-3, column (b).—Enter the number of taxable products imported.

Lines 1-3, column (c).—Enter the ODC weight of the product. Do not complete this line if you are using the value method.

Lines 1-3, column (d).—Enter the tax per pound from the chart in the instructions for Part IV on this page, or 1% if you are using the value method.

Lines 1-3, column (e).—Enter the entry value of the total number of each imported product if you are using the value method to figure the tax.

Lines 1-3, 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 rate (1%) in column (d) by the entry value in column (e).

Part VI—Tax on Floor Stocks of ODCs

Floor Stocks Tax (IRS No. 20).—The floor stocks tax for 1994 is imposed on the following ODCs.

| Ozone-Depleting Chemicals: | Tax Per Pound in 1994 |
|---|-----------------------|
| CFC-11 | \$ 1.00 |
| CFC-12 | 1.00 |
| CFC-113 | 0.80 |
| CFC-114 | 1.00 |
| CFC-115 | 0.60 |
| Halon-1211 | 12.7998 |
| Halon-1301 | 43.2488 |
| Halon-2402 | 25.8508 |
| Carbon tetrachloride | 1.10 |
| Methyl chloroform | 0.2239 |
| ODCs used in the manufacture of rigid foam insulation | 4.1001 |
| ODCs used as medical sterilants | 2.68 |
| CFC-13, CFC-111, CFC-112, CFC-211 through CFC-217 | 1.00 |

Caution: You are not liable for the floor stocks tax if you hold less than 400 pounds of ODCs (200 pounds for ODCs used in the manufacture of rigid foam insulation and 20 pounds for halons) to which the floor stocks tax applies.

Report the tax on Form 6627 and Form 720 for the second quarter of 1994. Payment of the tax is due by June 30, 1994.

Lines 1-3, column (c).—Enter the tax per pound from the chart above.