

June 6, 2008



**U.S. Customs and
Border Protection**

08-069

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CLEVELAND AREA PORT PIPELINE

TO: All Importers, Brokers, Customs and Border Protection Officers and Other Interested Parties

SUBJECT: INFO: Drawback of Federal Excise Tax Paid on Petroleum Products

The purpose of this memorandum is to provide information regarding drawback claims for the refund of federal excise taxes paid on imported petroleum products.

BACKGROUND

Under 26 USC 4611(a) (2) a tax is imposed on any petroleum products entered into the United States for consumption. The term "petroleum products" includes crude oil under 26 USC 4612(a) (3). This federal excise tax (also referred to in this memorandum as "Spill Tax") is paid directly to the Internal Revenue Services (IRS) on a quarterly basis and is filed using a Quarterly Federal Excise Tax Return (IRS 720). The Miscellaneous Trade and Technical Corrections Act of 2004, enacted as Public Law 108-429, amended 19 USC 1313(j) to permit drawback of a tax or fee paid under Federal law upon entry or importation.

Recently, the Department of Treasury and U.S. Customs and Border Protection (CBP) developed the necessary financial procedures that will enable actual refunding of this excise tax via the Drawback Program.

PROCEDURE

Beginning May 1, 2008, CBP will begin paying drawback of the aforementioned tax. These drawback claims will be processed when reaching the workable status and the tax will be refunded upon liquidation of the drawback entry. The refund of this tax will not be made via accelerated payments privileges. CBP will pay drawback of the tax paid on importation of a petroleum products under 26 USC 4611(a)(2) for claims made under 19 USC 1313(j), which may include an export made in compliance with 19 USC 1313(p)(2)(A)(iii) or (iv), when the following conditions are met:

- 1 The claims meets all other statutory and regulatory requirements, including timeliness of the claim under 19 USC 1313(r).
2. The claimant submits a copy of the tax return that includes IRS Forms 720 and 6627, and the tax worksheet that lists the petroleum products on which the tax that is the basis for drawback was paid. The claimant must certify, in

writing, the documents to be true copies of the return on the petroleum products that are subject of the drawback claim.

- 3 A letter issued by the IRS that there is no refund, credit, or adjustment claim pending before the IRS and there has been no refund, credit, or adjustment of the tax on which drawback is being claimed other than any claim, credit, or adjustment that is set forth on the attached IRS Forms 720 and 6627.
- 4 The claimant certifies, in writing, that it has not and will not claim a refund, credit, or adjustment and will not enable any other person to claim any refund, credit, or adjustment of the tax.

For more information regarding these guidelines, please contact Ms. Cynthia Whittenburg, Chief, Entry, Summary, and Drawback at (202) 863-6519 or Cynthia.whittenburg@dhs.gov.



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