

6747 Engle Road
Middleburg Heights, OH 44130



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

September 3, 2008

08-091
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CLEVELAND AREA PORT PIPELINE

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

**SUBJECT: TPP: Drawback of Federal Excise Tax Paid on Petroleum Products- Revised
Claim Documentation**

Please see the attached memo.

Questions regarding this pipeline should be addressed to your nearest drawback office.

A handwritten signature in black ink, appearing to read "Marc A. Hurteau". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Marc A. Hurteau
Area Port Director

Attachment



U.S. Customs and
Border Protection

SEP - 2 2008

MEMORANDUM FOR DIRECTORS, FIELD OPERATIONS

FROM Executive Director, Trade Policy and Programs
Office of International Trade

SUBJECT INFO: Drawback of Federal Excise Tax Paid on Petroleum
Products—Revised Claim Documentation

The purpose of this memorandum is to publish revised information regarding drawback claims for the refund of federal excise taxes paid on imported petroleum products. PLEASE PASS THIS INFORMATION TO PORT DIRECTORS, DRAWBACK SPECIALISTS, ENTRY SPECIALISTS, IMPORTERS, BROKERS, DRAWBACK CLAIMANTS, AND OTHER INTERESTED PARTIES.

BACKGROUND

Under 26 USC 4611(a)(2) a tax is imposed on any petroleum product 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 Service (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 has addressed a letter to U. S. Customs and Border Protection (CBP), confirming that the Internal Revenue Code does not allow a refund of, or credit for, taxes paid under section 4611 of the Code merely because the taxed product was destroyed or exported after the product was entered into the United States for Consumption, use, or warehousing. This letter has eliminated the previous requirement for the drawback claimant to provide to CBP a letter issued by the IRS that states 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. (Per earlier memorandum dated May 30, 2008—Drawback of Federal Excise Tax Paid on Petroleum.)

REVISED PROCEDURE

Beginning immediately, 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 payment privileges. CBP will pay drawback of the tax paid on importation of a petroleum product 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 claim 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 the subject of the drawback claim.
3. 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, of my staff.

Brenda B Smith

Brenda B. Smith

cc: Director, Trade Operations Division, Office of Field Operations
Director, Revenue Division, Office of Finance