

**SCHEDULE OF PRESENT
FEDERAL EXCISE TAXES
(AS OF JANUARY 1, 1989)**

PREPARED BY THE STAFF
OF THE
JOINT COMMITTEE ON TAXATION



JANUARY 31, 1989

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INTRODUCTION

This pamphlet,¹ prepared by the staff of the Joint Committee on Taxation, provides a listing of present Federal excise taxes and tax rates as of January 1, 1989.² The pamphlet also provides data on Federal excise tax receipts for fiscal years 1988-1990. This pamphlet is intended to provide summary information on current Federal excise taxes for Members of the House Committee on Ways and Means, Members of the Senate Committee on Finance, and other Members of Congress.

The listing of the various current Federal excise taxes (Part I) is organized into 14 categories, including a category of "miscellaneous" excises. (*Note:* The crude oil windfall profit tax was repealed August 23, 1988, in the Omnibus Trade and Competitiveness Act 1988; P.L. 100-418, sec. 1941.) The listing includes information as to whether revenues from the particular excise taxes go into a Trust Fund (or other special fund), any scheduled expiration dates, changes in tax rates, and the pertinent sections of the Internal Revenue Code.³ Part II of the pamphlet presents data on Federal excise tax receipts for fiscal years 1988-1990. An Appendix contains tables showing: (1) the excise tax rates on feedstock chemicals (sec. 4661); and (2) the list of taxable substances subject to the excise tax on certain imported (chemical) substances (sec. 4671).

This pamphlet may be cited as follows: Joint Committee on Taxation, *Schedule of Present Federal Excise Taxes (as of January 1, 1989)* (JCS-2-89) January 31, 1989.

See also, prior Joint Committee staff pamphlet, *Schedule of Present Federal Excise Taxes (As of April 1, 1987)* (JCS-13-87), May 28, 1987.

Code sections in the 9500's refer to the Trust Fund Code provisions. The other Code sections refer to the applicable excise tax provisions.

I. SCHEDULE OF PRESENT FEDERAL EXCISE TAX RATES

(AS OF JANUARY 1, 1989)

Tax (and Code section)	Tax rates
A. Alcohol Excise Taxes	
<i>1. Alcoholic beverage taxes:</i>	
Distilled spirits (sec. 5001)	\$12.50 per proof gallon.
Wines (sec. 5041):	
Not more than 14 percent alcohol	17 cents per wine gallon.
14 to 21 percent alcohol	67 cents per wine gallon.
21 to 24 percent alcohol ¹	\$2.25 per wine gallon.
Artificially carbonated wines	\$2.40 per wine gallon.
Champagne and other sparkling wines	\$3.40 per wine gallon.
Beer (sec. 5051)	\$9 per barrel (31 gallon generally). ²
<i>2. Alcohol occupational taxes:</i> ³	
Producers:	
Distilled spirits and wines (sec. 5081)	\$1,000 a year per premise. ⁴
Brewers (sec. 5091)	\$1,000 a year per premise. ⁴
Wholesale dealers (sec. 5111):	
Liquors, wines, or beer	\$500 a year.
Retail dealers (sec. 5121):	
Liquors, wines, or beer	\$250 a year.
Nonbeverage use of distilled spirits (sec. 5131)	\$500 a year.
Industrial use of distilled spirits (sec. 5276)	\$250 a year.

¹ Wines containing more than 24 percent alcohol are taxed as distilled spirits.

² \$7 per barrel on the first 60,000 barrels removed each year by small domestic brewers who produce less than 2,000,000 barrels of beer during the calendar year.

³ July 1-June 30 is the taxable year for these and other occupational taxes.

⁴ Tax is \$500 a year per premise for businesses with gross receipts of less than \$500,000 in the preceding taxable year.

Tax (and Code section)	Tax rates
Tobacco Excise Taxes	
1. Cigars (sec. 5701(a)):	
Small cigars (weighing no more than 3 pounds per thousand)...	75 cents per thousand.
Large cigars (weighing more than 3 pounds per thousand).....	8½ percent of wholesale price (but not more than \$20 per thousand).
2. Cigarettes (sec. 5701(b)):	
Small cigarettes (weighing no more than 3 pounds per thousand)...	\$8 per thousand (i.e., 16 cents per pack of 20 cigarettes).
Large cigarettes (weighing more than 3 pounds per thousand)...	\$16.80 per thousand. ⁵
3. Cigarette paper and tubes:	
Cigarette paper (sec. 5701(c))	½ cent for each 50 papers. ⁶
Cigarette tubes (sec. 5701(d)).....	1 cent for each 50 papers. ⁷
4. Snuff, chewing tobacco, pipe tobacco:	
Snuff (sec. 5701(e)(1))	24 cents per pound.
Chewing tobacco (sec. 5701(e)(2)).....	8 cents per pound.
Pipe tobacco (sec. 5701(f)).....	45 cents per pound (effective on Jan. 1, 1989).
5. Tobacco occupational tax:	
Manufacturers or exporters of taxable tobacco products (sec. 5731)	\$1,000 a year per premise. ⁸

Large cigarettes measuring more than 6½ inches in length are taxed at the rate prescribed for small cigarettes, counting each 2¾ inches (or fraction) as one cigarette.

Cigarette papers measuring more than 6½ inches in length are taxed at the rate prescribed, counting each 2¾ inches (or fraction) as one cigarette paper. Tax does not apply to a book or set of cigarette papers containing 25 or fewer papers.

Cigarette tubes measuring more than 6½ inches in length are taxed at the rate prescribed, counting each 2¾ inches (or fraction) as one cigarette tube.

Tax is \$500 a year per premise for businesses with gross receipts of less than \$1,000 in the preceding taxable year.

Tax (and Code section)	Tax rates
C. Highway Trust Fund Excise Taxes (sec. 9503) ⁹	
1. Motor fuels:*	
Gasoline (sec. 4081).....	9 cents/gallon.
Diesel fuel (secs. 4041(a)(1), 4091).....	15 cents/gallon generally. ¹⁰
Special motor fuels (incl. alcohol fuels from petroleum) (sec. 4041(a)(2)).....	9 cents/gallon.
Methanol and ethanol fuels: ¹¹	
Fuels from other than petroleum or natural gas (sec. 4041(b)(2))	3 cents/gallon (i.e., a 6 cents/gallon exemption). ¹²
Fuels from natural gas (sec. 4041(m)) ...	4.5 cents/gallon (i.e., a 4.5 cents/gallon exemption).
Gasohol (sec. 4081(c)).....	3 cents/gallon (i.e., a 6 cents/gallon exemption for 10% more alcohol-gasoline blend).
Diesohol (secs. 4041(k)(1), 4091(c)).....	9 cents/gallon (i.e., a 6 cents/gallon exemption for 10% more alcohol-diesel blend).
2. Trucks and trailers:	
Trucks (over 33,000 lbs.) and trailers (over 26,000 lbs.) (sec. 4051) ¹³	12 percent of retail price.

*See also E.2., "Taxes for Leaking Underground Storage Tank Trust Fund," for an additional tax of 0.1 cent per gallon on motor fuels (through 1991).

⁹ The Highway Trust Fund taxes and exemptions are scheduled to expire after September 30, 1993.

¹⁰ A net tax of 3 cents per gallon (12 cents/gal. refund or credit) applies to certain privately operated, scheduled intercity buses (sec. 6427(b)).

There is a one-time rebate (credit or refund) to the original purchaser of a qualified diesel-powered car, truck, or van having a gross vehicle weight rating of 10,000 pounds or less. The rebate varies with the model year (only available for post-1978 models) and type of vehicle (higher rebate for a truck or van than for a car). The credit applies to such vehicles owned as of January 1, 1985, or originally purchased after January 1, 1985 and before January 1, 1993 (sec. 6427(g)).

¹¹ Alcohol fuels the content of which is at least 85 percent of methanol, ethanol, or other alcohol.

¹² The additional 0.1 cent per gallon tax imposed under section 4041(d) for the Leaking Underground Storage Tank Trust Fund (see E.2, below) is 0.05 cent per gallon for such methanol and ethanol fuel (sec. 4041(b)(3)).

¹³ Includes tractors of the kind chiefly used for highway transportation with trailer or semitrailer.

Tax (and Code section)

Tax rates

3. Tires for highway vehicles

(sec. 4071)	40 pounds or less—no tax.
	40–70 pounds—15 cents/pound over 40 pounds.
	70–90 pounds—\$4.50, plus 30 cents/pound over 70 pounds.
	Over 90 pounds—\$10.50, plus 50 cents/pound over 90 pounds.

4. Use tax on heavy highway vehicles (sec. 4481) ¹⁴.....

	Under 55,000 pounds—no tax.
	55,000–75,000 pounds—\$100 plus \$22 per 1,000 pounds over 55,000.
	Over 75,000 pounds—\$550.

Airport and Airway Trust Fund Excise Taxes (sec. 9502) ¹⁵**1. Air passenger ticket tax**

(sec. 4261)	8 percent of amount paid.
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2. International departure tax (sec. 4261(c)).....

	\$3 per person.
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3. Domestic air cargo tax

(sec. 4271)	5 percent of amount paid.
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4. Fuels taxes for noncommercial (general) aviation:*

Gasoline (secs. 4081 and 4041(c))	12 cents per gallon.
Nongasoline (secs. 4041 (c) and 4091)	14 cents per gallon.

¹⁴See also E.2., "Taxes for Leaking Underground Storage Tank Trust Fund," for additional tax of 0.1 cent per gallon on motor fuels (through 1991).

¹⁵Annual tax: the taxable period is July 1–June 30. Tax liability is incurred as the first month the vehicle is used during the taxable period. If the first use is after July, the tax is prorated for the taxable period. The tax may be paid in quarterly installments.

The use tax is reduced by 25 percent for vehicles (1) used exclusively in transporting harvested forest products to and from the forested site and which are required to be registered for that purpose, or (2) registered in Canada or Mexico. There is an exemption for vehicles used fewer than 5,000 miles on public highways during the taxable period (7,500 miles for farm vehicles), and for certain school transit buses. Also, there is a prorated refund of tax for trucks destroyed or stolen during the taxable period.

¹⁵The Airport and Airway Trust Fund taxes are scheduled to expire after December 31, 1990. The Airport and Airway Revenue Act of 1987 (Title IV of P.L. 100-223) provides that the aviation excise taxes (other than the departure tax) are to be reduced by one-half for 1990 if the total appropriations for fiscal years 1988 and 1989 for airport improvements, facilities and equipment, plus research, engineering and development are less than 85 percent of the total trust fund amounts authorized for these three programs for fiscal years 1988 and 1989.

Tax (and Code section)	Tax rates
E. Environmental Excise Taxes	
1. Excise taxes for Hazardous Substance Superfund (sec. 9507): ¹⁶	
Crude oil tax (sec. 4611)...	8.2 cents per barrel for domestic crude oil; 11.7 cents per barrel for imported petroleum products.
Tax on feedstock chemicals (sec. 4661).....	Tax ranges from \$0.22 to \$4 per ton generally. (See Table in the Appendix for specific tax rates for chemicals.) ¹⁷
Tax on certain imported substances (sec. 4671) ¹⁸	Generally taxed (beginning January 1, 1989) at the rates applicable to taxable chemicals under sec. 4661 used as materials in the manufacture of the imported substance. If importer does not furnish adequate information to Treasury to determine tax rate, the rate is 1 percent of the value of such imported substance. No tax applies to a substance which a tax is imposed under sec. 4611 or sec. 4661. (See Table 2 in the Appendix for initial list of taxable substances.)

¹⁶ The Superfund also receives revenues from the environmental tax on corporations (sec. 59A), equal to 0.12 percent of the modified alternative minimum taxable income of the corporation in excess of \$2,000,000. This tax applies generally to taxable years beginning after December 31, 1986, and before January 1, 1992 (with an earlier termination as determined below when the Superfund reaches certain levels of unobligated balance or total tax receipts).

The Superfund excise taxes are scheduled to expire after December 31, 1991, earlier if (1) the Superfund unobligated balance exceeds \$3,500 million at the end of 1989 or 1990, and if the unobligated balance is estimated to exceed this amount at the end of the following year if no Superfund taxes were to be imposed during such year, or (2) when total Superfund tax revenues exceed \$6,650 million (including the sec. 59A tax revenues).

¹⁷ For periods before 1992, the tax on xylene is \$10.13 per ton, instead of \$4.

¹⁸ The excise tax on certain imported substances began on January 1, 1989, with the same expiration schedule as for the other Superfund taxes.

The Secretary of the Treasury is required to add any substance to the list if the Secretary determines that taxable chemicals constitute more than 50 percent of the weight or value of the materials used to produce such substance (determined on the basis of the predominant method of production); the Secretary may remove only those substances which meet neither test.

Tax (and Code section)

Tax rates

2. Taxes for Leaking Underground Storage Tank Trust Fund (sec. 9508):¹⁹

Gasoline (sec. 4081(b)(2)

(B) 0.1 cent per gallon (including aviation use).

Other motor fuels (secs.

4041(d) and 4091) 0.1 cent per gallon (including fuels used in motor vehicles, motorboats, trains, or aviation, but excluding liquid petroleum gas).

Fuels used in inland wa-

terways (sec. 4042) 0.1 cent per gallon.

3. Tax for Oilspill Liability Trust Fund (sec. 9509):

Crude oil (sec. 4611(c)

(2)(B) and sec. 4611(f)) . 1.3 cents per barrel.^{19 a}**Communications (Telephone) Excise Tax**

Local and toll (long-distance)

telephone and teletype-

writer services (sec. 4251) 3 percent of amount paid (through Dec. 31, 1990).

¹⁹ These taxes are scheduled to expire after December 31, 1991, or earlier if the revenues from these taxes to the Trust Fund reach \$500 million. (See also C.I., Highway Trust Fund taxes on motor fuels; D.4., for Airport and Airway Trust Fund taxes on noncommercial aviation fuel; I., for tax on fuels used on inland waterways; and J., for tax on motor boat fuels.)^{19 a} Note: This tax will go into effect only if "qualified authorizing legislation" is enacted before December 31, 1990, which is substantially identical to subtitle E of title VI, or subtitle D of title VIII, of H.R. 5300 (99th Congress) as passed by the House of Representatives. (See sec. 6108 of the Technical and Miscellaneous Revenue Act of 1988, P.L. 100-647.) The tax is to be terminated if \$300 million or more is collected before January 1, 1992.

Tax (and Code section)

Tax rates

G. Gas Guzzler Excise Tax (sec. 4064)

<i>Fuel economy rating (in miles per gallon):</i>	Tax per vehicle
At least 22.5.....	0
At least 21.5 but less than 22.5	\$500
At least 20.5 but less than 21.5	650
At least 19.5 but less than 20.5	850
At least 18.5 but less than 19.5	1,050
At least 17.5 but less than 18.5	1,300
At least 16.5 but less than 17.5	1,500
At least 15.5 but less than 16.5	1,850
At least 14.5 but less than 15.5	2,250
At least 13.5 but less than 14.5	2,700
At least 12.5 but less than 13.5	3,200
Less than 12.5.....	3,850

H. Harbor Maintenance Trust Fund Excise Tax (sec. 9505)

Tax on use of harbors (ports) (sec. 4461)	0.04 percent of value of commercial cargo loaded or unloaded at U.S. ports; exceptions for cargo donated for overseas use and for cargo (other than from a foreign country) shipped between U.S. mainland and Alaska (except for crude oil), Hawaii, and U.S. possessions, as well as cargo shipped between Alaska, Hawaii, and/or U.S. possessions.
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Tax (and Code section)

Tax rates

Inland Waterways Trust Fund Excise Tax (sec. 9506)

Tax on diesel and other liquid fuels used by commercial cargo vessels on specified inland or intra-coastal waterways (sec. 4042)*

Through 1989.....	10 cents per gallon.
1990	11 cents per gallon.
1991	13 cents per gallon.
1992	15 cents per gallon.
1993	17 cents per gallon.
1994	19 cents per gallon.
1995 and thereafter	20 cents per gallon.

Aquatic Resources Trust Fund Excise Taxes (sec. 9504)**1. Boating Safety Account taxes:**

Gasoline and special fuels used in motorboats (secs. 4081 and 4041(a)(2)**	9 cents per gallon (through Sept. 30, 1993); transfer to the Account limited to \$60 million per year for fiscal years 1989 and 1990 and \$70 million per year thereafter. ²⁰
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2. Sport Fish Restoration Account taxes:

Gasoline and special fuels used in motorboats (secs. 4081 and 4041(a)(2)**	9 cents per gallon (through Sept. 30, 1993); the balance of receipts in excess of the amounts indicated in J.1., above, and footnote 20 (sec. 9503(c)(4)(C)).
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Sport fishing equipment (sec. 4161(a))	10 percent of manufacturers price; except 3 percent for electric outboard motors and certain fish finders (tax on fish finders limited to \$30 per item).
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*See also E.2., "Taxes for Leaking Underground Storage Tank Trust Fund," for additional tax of 0.1 cent per gallon on such fuel, through 1991.

**See also E.2., for additional tax of 0.1 cent per gallon on such fuel, through 1991.

²⁰Sec. 9503(c)(4)(A). Also, \$1 million per fiscal year of these motorboat fuel tax revenues goes to the Land and Water Conservation Fund (sec. 9503(c)(4)(B)).

Tax (and Code section)	Tax rates
K. Bows and Arrows and Firearms Excise Taxes	
1. <i>Bows and arrows (sec. 4161(b))</i> ²¹	11 percent of manufacture price. ²²
2. <i>Regular firearms and ammunition (sec. 4181)</i> : ^{21, 23}	
Pistols and revolvers	10 percent of manufacture price.
Firearms other than pistols and revolvers.....	11 percent of manufacture price.
Ammunition (shells and cartridges)	11 percent of manufacture price.
3. <i>"Non-regular" firearms</i> : ²⁴	
Occupational taxes (sec. 5801): ²⁵	
Importers and manufacturers	\$1,000 a year per premise. ²⁶
Dealers	\$500 a year per premise.
Transfer taxes (sec. 5811):	
Generally	\$200 per transfer.
Certain concealable weapons (see sec. 5845(e)).....	\$5 per transfer.
Making tax (sec. 5821).....	\$200 per firearm.

²¹ Revenues from these taxes (secs. 4161(b) and 4181) are appropriated, in fiscal year following receipt, to the Federal Aid to Wildlife Program ("Pittman-Robertson Fund") for support of State wildlife programs.

²² The tax is imposed on bows having a draw weight of 10 pounds or more. Under P.L. 98-369, the tax on arrows was expanded to apply also to arrows fewer than 18 inches in length (only arrows 18 inches or more in length were taxable previously) which are suitable for use with a taxable bow (e.g., crossbow).

²³ There are annual Federal licensing fees for manufacturers, importers and dealers in regular firearms under the Gun Control Act of 1968 (18 U.S.C. 922).

²⁴ Firearms not listed above in K.2., i.e., machine guns, "destructive devices" (e.g., explosive devices such as bombs, grenades, small rockets, mines, etc.), sawed-off shotguns or rifles, silencers, and certain concealable weapons.

²⁵ July 1-June 30 is the taxable year for the occupational taxes. There are annual Federal licensing fees for manufacturers, importers and dealers in destructive devices or ammunition for destructive devices (18 U.S.C. 923).

²⁶ Tax is \$500 a year per premise for a business with gross receipts of less than \$500,000 for a preceding taxable year.

Tax (and Code section)	Tax rates
Black Lung Disability Trust Fund Excise Taxes (sec. 9501)	
1. Coal excise tax (sec. 4121)...	\$1.10 per ton for coal from underground mines and 55 cents per ton for coal from surface mines (but no more than 4.4 percent of the coal's selling price). ²⁷
2. Excise taxes on black lung benefit trusts (secs. 4951, 4952, and 4953).....	Varying rates on certain activities. (See "Penalty" excise taxes, N.1.c., below.)

Vaccine Injury Compensation Trust Fund Excise Tax (sec. 110)

Vaccine ²⁹	Tax rate (per dose)
Excise tax on certain vaccines	
(sec. 4131) ²⁸.....	
DPT ³⁰	\$4.56
DT ³¹	0.06
MMR ³²	4.44
Polio	0.29

Tax does not apply to lignite. On the earlier of January 1, 2014, or any day after 1981 on which there is no balance of repayable advances to the Trust Fund and no unpaid interest on such advance, the tax rates are scheduled to return to the pre-1982 rates (i.e., 50 cents/ton for underground mines, and 25 cents/ton for surface mines, limited to 2 percent of the price).

Tax is to be terminated after December 31, 1992, or earlier if tax collections exceed projected Trust Fund liability.

Combinations of vaccines are taxed at the sum of the combined rates for each applicable vaccine.

Diphtheria, Pertussis, and Tetanus (any vaccine containing pertussis bacteria, inactivated or partial cell bacteria, or specific pertussis antigens).

Diphtheria or Tetanus (other than a DPT vaccine).

Measles, Mumps, or Rubella (vaccine against any one or combination of two or more of these).

Tax (and Code section)	Tax rates
N. Miscellaneous Excise Taxes	
1. "Penalty" excise taxes:	
<i>a. Lobbying expenditures:</i>	
Public charities making an election under sec. 501(h) (sec. 4911)....	Tax of 25 percent of excess lobbying expenditures.
Charitable organizations disqualified from tax-exempt status because of lobbying expenditures (sec. 4912).....	Tax of 5 percent of lobbying expenditures on the organization; 5-percent tax also on manager.
<i>b. Private foundation activities:</i>	
Self-dealing (sec. 4941).....	<i>Initial tax.</i> —5 percent of amount of self-dealing on self-dealer; 2½ percent foundation manager (up \$10,000).
	<i>Additional tax.</i> —If the self-dealing is not corrected within correction period, there is tax of 200 percent of amount on the self-dealer also, a tax of 50 percent on foundation manager (up \$10,000).

Tax (and Code section)

Tax rates

"Penalty" excise taxes (Cont.)

Failure to distribute income (sec. 4942)..... *Initial tax.*—15-percent tax on the foundation on the amount remaining undistributed at the beginning of the second (or succeeding) taxable year.

Additional tax.—If not corrected, there is an additional tax of 100 percent of the amount not distributed at the end of the correction period.

Excess business holdings (sec. 4943)..... *Initial tax.*—5-percent tax on the foundation on the value of the excess holdings.

Additional tax.—If not corrected, there is an additional tax of 200 percent of the excess holdings at the end of a specified period.

Investments which jeopardize charitable purpose (sec. 4944)..... *Initial taxes.*—5-percent tax on the foundation on the amount of such investment; also a 5-percent tax on the foundation manager (up to \$5,000).

Additional taxes.—25-percent tax on foundation if the investment is not removed from jeopardy within the correction period; also, a 5-percent tax is imposed on the foundation manager (up to \$10,000).

Taxable expenditures (sec. 4945)..... *Initial taxes.*—10-percent tax on the foundation on the amount of the taxable expenditure; also, a 2½-percent tax on the foundation manager (up to \$5,000).

Tax (and Code section)	Tax rates
N. 1. "Penalty" excise taxes (Cont.)	
	<i>Additional taxes.</i> —If not rected, there is a tax of percent on the foundation the taxable expenditure; a tax of 50 percent on foundation manager (up \$10,000).
c. <i>Black lung benefit trusts:</i>	
Self-dealing (sec. 4951).....	<i>Initial taxes.</i> —10-percent tax the self-dealer on the amo of self-dealing; 2½-percent on trustee. <i>Additional taxes.</i> —If not rected, a tax of 100 percent imposed on self-dealer; 50-cent tax on trustee.
Taxable expendi- tures (sec. 4952).....	<i>Initial taxes.</i> —10-percent tax the trust on the amount of taxable expenditure; 2½-cent tax on trustee. <i>Additional taxes.</i> —If not rected, a tax of 100 percent imposed on the fund; 50-cent tax on trustee.
Excess contribu- tions to benefit trust (sec. 4953).....	5-percent tax on the contribu on excess contributions to trust.
d. <i>Political expenditures of sec. 501(c)(3) organi- zations (sec. 4955).....</i>	<i>Initial taxes.</i> —10 percent of lital expenditure on the ganization; 2½-percent tax the manager. <i>Additional taxes.</i> —If not rected, a tax of 100 percent the political expenditure is posed on the organization; percent tax on the mana

. "Penalty" excise taxes (Cont.)

e. Qualified pension,
etc., plans:

Failure to meet
minimum fund-
ing standards
(sec. 4971).....

Initial tax.—Tax of 10 percent of accumulated funding deficiency is imposed on employer. (5-percent tax in the case of multiemployer plans and for plan years beginning before 1989.)

Additional tax.—If not corrected, a tax of 100 percent of the deficiency is imposed on employer.

Nondeductible con-
tributions to
qualified employ-
er plan (sec. 4972)..

Tax of 10 percent of nondeductible contributions under the plan.

Excess contribu-
tions to IRAs, etc.
(sec. 4973).....

Tax of 6 percent of excess contributions to the plan is imposed on individual.

Certain accumula-
tions in IRAs, etc.
(sec. 4974).....

50-percent tax on payee of the amount by which the minimum required to be distributed during the year exceeds the amount actually distributed during the year.

Prohibited transac-
tion (sec. 4975).....

Initial tax.—Tax of 5 percent of the amount involved in the prohibited transaction is imposed on the disqualified person.

Additional tax.—If not corrected, a tax of 100 percent of the amount involved is imposed on the disqualified person.

Tax (and Code section)	Tax rates
N. 1. "Penalty" excise taxes (Cont.)	
Disqualified welfare benefits (sec. 4976).....	Tax of 100 percent of the qualified benefit amount.
Excess fringe benefits provided by an employer (sec. 4977).....	Tax of 30 percent of the "excess fringe benefits."
Section 1042 dispositions of securities by employee stock ownership plans and worker-owned cooperatives (sec. 4978).....	Tax of 10 percent of the amount realized on disposition.
Section 2057 dispositions of securities by employee stock ownership plans and worker-owned cooperatives (sec. 4978A).....	Tax of 30 percent of the amount realized on disposition or amount repaid on certain loans.
Excess contributions under a cash or deferred arrangement (sec. 4979).....	Tax of 10 percent of the sum of excess contributions under cash or deferred arrangements and any excess aggregate contributions under the plan in the plan year.
Prohibited allocations of qualified securities by employee stock ownership plans and worker-owned cooperatives (sec. 4979A).....	Tax of 50 percent of amount involved in a prohibited allocation.

Tax (and Code section)

Tax rates

1. "Penalty" excise taxes (Cont.)

Reversion of qualified plan assets to employer (sec. 4980).....	Tax of 15 percent of the amount of employer reversion from a qualified plan.
Excess distributions from qualified retirement plans (sec. 4980A).....	Tax of 15 percent of excess distributions with respect to an individual during calendar year.
Violations of health care continuation rules (sec. 4980B)...	Tax of \$100 per day per failure to comply with the health care continuation rules.
<i>f. Real estate investment trusts (sec. 4981A).....</i>	Tax of 4 percent of the excess of required distribution for calendar year over the distributed amount (i.e., on the undistributed income).
<i>g. Regulated investment trusts (sec. 4982).....</i>	Tax of 4 percent of the excess of required distribution for calendar year over the distributed amount (i.e., on the undistributed income).
<i>h. Excise tax on issuer of "registration-required obligation" not in registered form (sec. 4701).....</i>	Tax of 1 percent of the principal amount of the "registration-required obligation" (defined in sec. 163(f) multiplied by the number of years (or portions) of the obligation.

Tax (and Code section)	Tax rates
N. 1. "Penalty" excise taxes (Cont.)	
i. Excise tax on "golden parachute" excess payments (sec. 4999)	Tax of 20 percent of the "excess payment" (defined in section 280G(b)).
j. Excise tax on large group health plans (sec. 5000)	Tax of 25 percent of expenses for a "nonconforming large group health plan" (defined under section 1862(b)(4)(A)(i) of the Social Security Act).
k. Excise tax on "greenmail" (sec. 5881)	Tax of 50 percent of the gain realized from "greenmail" (a sale of stock in consideration transferred by a corporation to acquire stock if (1) such stock has been held by the shareholder for less than 2 years, (2) the shareholder (or any related person or person acting in concert) made or threatened to make a public tender offer for stock during that period, and (3) such acquisition is pursuant to an offer which was not made available on the same terms to all shareholders).
2. Excise tax on private foundation net investment income:	
a. Domestic foundations (sec. 4940):	
General rule	2 percent of net investment income. ³³
Tax where charitable payout increases by equivalent amount	1 percent of net investment income.
b. Foreign foundations (sec. 4948)	4 percent of gross investment income from sources within the U.S.

³³ Certain operating foundations having public involvement and not governed by disqualified persons are exempt from the 2-percent tax.

Tax (and Code section)	Tax rates
<p><i>Deep Seabed Revenue Sharing Trust Fund excise tax on certain hard minerals</i> (mineral products containing manganese, nickel, cobalt, or copper) (sec. 4495).....</p>	<p>3.75 percent of 20 percent (or 0.75 percent) of fair market value of commercially recoverable minerals.</p>
<p><i>Excise tax on foreign insurance policies</i> (sec. 4371).....</p>	<p>(a) <i>Casualty insurance and indemnity bonds</i>.—4 cents per dollar of premium paid. (b) <i>Life insurance, sickness and accident policies, and annuity contracts</i>.—1 cent per dollar premium paid. (c) <i>Reinsurance</i>.—1 cent per premium paid for reinsurance under (a) or (b).</p>
<p><i>Wagering excise taxes:</i></p>	
<p>Certain wagers (sec. 4401).....</p>	<p>2 percent of amount of wager, except that tax is 0.25 percent in States where wagering is authorized by State law.</p>
<p>Occupational tax (sec. 4411)....</p>	<p>\$500 per year on person engaged or employed in business of accepting wagers (taxable period is July–June), except that tax is \$50 per year in States where wagering is authorized by State law.</p>

II. FEDERAL EXCISE TAX RECEIPTS, FISCAL YEARS 1988 1990 ¹

[In millions of dollars]

Tax	1988 actual	1989 esti- mate	1990 esti- mate
A. Alcohol Taxes			
Distilled spirits.....	3,876	3,788	3,788
Wines.....	280	284	284
Beer.....	1,610	1,622	1,622
Alcohol occupational taxes.....	135	110	110
Refunds (mostly distilled spirits).....	-192	-188	-188
Total alcohol taxes.....	5,709	5,616	5,616
B. Tobacco Taxes			
Cigars.....	40	40	40
Cigarettes.....	4,550	4,396	4,396
Cigarette papers, tubes.....	2	2	2
Smokeless tobacco (snuff, chewing tobacco).....	24	24	24
Pipe tobacco ²	6	6	6
Tobacco occupational tax ³	(*)	(*)	(*)
Other (imported products).....	8	8	8
Refunds.....	-8	-8	-8
Total tobacco taxes.....	4,616	4,468	4,468
C. Highway Trust Fund Taxes			
Gasoline.....	9,167	9,348	9,348
Diesel fuel used on highways.....	2,755	3,395	3,395
Trucks and trailers.....	1,277	1,267	1,267
Tires for highway vehicles.....	334	318	318
Highway vehicle use tax.....	581	88	88
Other (repealed taxes).....	1	3	3
Total Highway Trust Fund taxes.....	14,115	14,919	14,919
D. Airport and Airway Trust Fund Taxes			
Air passenger ticket tax.....	2,815	3,300	3,300
International departure tax.....	111	107	107
Domestic air cargo tax.....	168	180	180
Fuels taxes (general) aviation.....	95	101	101
Total Airport/Airway Trust Fund taxes.....	3,189	3,688	3,688

FEDERAL EXCISE TAX RECEIPTS, FISCAL YEARS 1988-1990 ¹—Continued

[In millions of dollars]

Tax	1988 actual	1989 esti- mate	1990 esti- mate
<i>Environmental (Trust Fund) Excise taxes</i>			
Excise taxes for Hazardous Substance Superfund.....	698	931	966
Fuels taxes for Leaking Underground Storage Tank Trust Fund.....	125	131	132
Refunds: Post-closure liability tax.....	-9	-12
Total environmental excise taxes	812	1,050	1,098
<i>Communications (Telephone) Tax.....</i>	2,610	2,755	2,954
<i>Gas Guzzler Tax</i>	114	123	133
<i>Harbor Maintenance Trust Fund Tax ⁵ ..</i>	174	219	234
<i>Land Waterways Trust Fund Tax</i>	48	50	56
<i>Aquatic Resources Trust Fund Taxes</i>			
Boating motor fuel tax.....	105	113	117
Sport fish equipment tax.....	103	92	86
Total Aquatic Trust Fund taxes...	208	205	203
<i>Bows and Arrows and Firearms Taxes</i>			
Bows and arrows.....	12	12	13
Pistols and revolvers.....	29	30	31
Firearms (regular), shells, cartridges.....	85	87	89
Other ("nonregular" firearms, occupational)	(*)	(*)	(*)
Total bows and arrows, firearms taxes	126	129	133
<i>Black Lung Disability Trust Fund taxes</i>			
Coal excise tax.....	594	606	627
Taxes on black lung benefit trusts ...	(*)	(*)	(*)
Total Black Lung Trust Fund taxes	594	606	627
<i>Vaccine Injury Compensation Trust Fund Tax ³</i>	74	92	99

II. FEDERAL EXCISE TAX RECEIPTS, FISCAL YEARS 1988 1990 ¹—Continued

[In millions of dollars]

Tax	1988 actual	1989 esti- mate	1990 esti- mate
N. Miscellaneous Excise Taxes			
"Penalty" excise taxes:			
Employee benefit and pension plans	212	89	
Other	(*)	(*)	
Tax on foundation investment income.....	279	297	
Deep Seabed Revenue Sharing Trust Fund tax on hard minerals.....	(*)	(*)	
Foreign insurance policies	138	70	
Wagering taxes (incl. occupational tax)	8	9	
Refunds ⁶	-139	-220	
Total misc. excise taxes.....	498	245	
Addendum: Other Refunds and Unapplied Collections ⁷.....	2,056	31	
Total Federal Excise Taxes.....	34,943	34,196	34,196
General Fund Excises	15,729	13,367	13,367
Trust Fund Excises	19,214	20,829	20,829

* Less than \$500,000.

¹ This revenue table generally follows the order for excise tax categories in Part I of this pamphlet.² Tax effective on January 1, 1989.³ Tax effective on January 1, 1988.⁴ The FY 1990 figure assumes that the aviation "tax reduction trigger" will be effective on January 1, 1990, which will reduce the aviation taxes (other than the departure tax) by 50 percent. (See footnote 15, page 6 *infra*.)⁵ The President's FY 1990 Budget proposes to repeal this tax reduction trigger, which would increase the FY 1990 Airport and Airway Trust Fund tax revenue by \$1,190 million.⁶ The harbor maintenance excise tax is classified as a Customs trust fund revenue in the fiscal year 1990 budget.⁷ \$200 million of the FY 1989 amount is attributable to foreign insurance excise tax refunds under the Bermuda Tax Treaty as approved by the Senate in October 1988.⁸ *Note:* The crude oil windfall profit tax was repealed in the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418), effective for oil removed on or after August 23, 1988. Amounts (receipts and refunds) for this tax are included in the "Other" category.SOURCE: *Fiscal Year 1990 Budget of the United States Government* and Treasury Department.

APPENDIX

**Table 1.—Excise Tax Rates on Certain Chemicals for the
Hazardous Substance Superfund ¹**

Feedstock Chemical (Sec. 4661)	Tax per ton
ethylene.....	\$4.87
ethene.....	4.87
ethane.....	4.87
ethylene.....	4.87
ethyldiene.....	4.87
ethylene.....	4.87
ethane.....	3.44
ethylalene.....	4.87
ethylene.....	4.87
ethene.....	4.87
ethene ²	4.87
ethanone.....	2.64
ethanony.....	4.45
ethanony trioxide.....	3.75
ethanony.....	4.45
ethanony trioxide.....	3.41
ethanony sulfide.....	2.30
ethanony.....	4.45
ethanony.....	4.45
ethanony.....	2.70
ethanony.....	4.45
ethanony.....	1.52
ethanony dichromate.....	1.69
ethanony dichromate.....	1.87
ethanony.....	4.45
ethanony sulfate.....	1.87
ethanony oxide.....	3.59
ethanony oxide.....	3.97
ethanony hydrochloric acid.....	0.29
ethanony hydrogen fluoride.....	4.23
ethanony oxide.....	4.14
ethanony.....	4.45
ethanony.....	4.45
ethanony.....	4.45
ethanony chloride.....	2.85
ethanony chloride.....	2.12
ethanony chloride.....	2.22
ethanony sulfate.....	1.90

Table 1.—Excise Tax Rates on Certain Chemicals for the Hazardous Substance Superfund ¹—Continued

Feedstock Chemical (Sec. 4661)	Tax pe
Potassium hydroxide	
Sodium hydroxide	
Sulfuric acid	
Nitric acid.....	

¹ The tax on feedstock chemicals is scheduled to expire December 31, 1990, earlier if (1) the Superfund unobligated balance exceeds \$3,500 million at the end of 1989 or 1990, *and* if the unobligated balance is estimated to exceed this amount at the end of the following year if no Superfund taxes were to be imposed during such year, or (2) when total Superfund tax revenues exceed \$6,650 million (including the sec. 59A tax revenues).

² For periods before 1992, the tax rate for xylene is \$10.13.

Table 2.—List of Taxable Substances Under the Excise Tax on Certain Imported Substances (Secs. 4671-4672)

Taxable Substance ¹	Taxable Substance ¹
ene	Ethylbenzene
ene	Methylene chloride
onium nitrate	Polypropylene
el oxide	Propylene glycol
ropyl alcohol	Formaldehyde
lene glycol	Acetone
l chloride	Acrylonitrile
ethylene resins, total	Methanol
butadiene	Propylene oxide
ene-butadiene, latex	Polypropylene resins
ene-butadiene, snpf	Ethylene oxide
thetic rubber, not containing	Ethylene dichloride
ers	Chylohexane
	Isophthalic acid
onickel	Maleic anhydride
ochromium nov 3 pct.	Phthalic anhydride
ochrome ov 3 pct. carbon	Ethyl methyl ketone
rought nickel	Chloroform
el waste and scrap	Carbon tetrachloride
ught nickel rods and wire	Chromic acid
el powders	Hydrogen peroxide
nolic resins	Polystyrene homopolymer resins
vinylchloride resins	Melamine
styrene resins and copoly-	Acrylic and methacrylic acid
ers	resins
l alcohol for nonbeverage	Vinyl resins
e	Vinyl resins, nspf

For applicable tax, see E. 1, and relevant chemical feedstock tax rates in Table beginning in 1989, imported taxable substances generally are taxed at the rate applicable to the chemical feedstocks that are components of the taxable imported substance.

The Secretary of the Treasury is required to add any substance to the list if the Secretary determines that taxable chemicals constitute more than 50 percent of the weight or value of the materials used to produce such substance (determined on the basis of the predominant method of production); the Secretary may remove those substances which meet neither test.

