



# TaxNewsFlash

## United States

No. 2018-004  
January 3, 2018

### **“Oil spill” excise tax has expired; possible issues for refiners, importers**

The “oil spill” excise tax imposed on crude oil and imported petroleum products under section 4611 expired at the end of 2017.

The excise tax under section 4611 was imposed on: (1) crude oil received at a U.S. refinery; (2) imported petroleum products entered into the United States for consumption, use, or warehousing; and (3) any domestically produced crude oil that is used (other than on the premises where produced for extracting oil or natural gas) in or exported from the United States if, before such use or exportation, no taxes were imposed on the crude oil.

For purposes of the excise tax, crude oil included crude oil condensates, natural gasoline, and tight oil. Petroleum products included crude oil and refined petroleum products. The person liable for the tax was the U.S. refinery operator or the importer. The rate of the excise tax in 2017 was \$0.09 per barrel.

#### **KPMG observation**

Senate Finance Chairman Orrin Hatch (R-UT) proposed reinstating the section 4611 excise tax retroactively to January 1, 2018, as part of a bill to extend certain expiring tax provisions; however, it is unclear if or how Congress may proceed.

Absent reinstatement of section 4611, there may be potential exposure to the penalty imposed by section 7211 if the expired excise tax is invoiced and passed on by the refiners or importers to their customers. Accordingly, the credit and billing operations of entities previously subject to the section 4611 excise tax need to be evaluated.

For more information, contact a tax professional with KPMG’s Excise Tax Practice group:

Deborah Gordon | +1 (202) 533 5965 | [dkgordon@kpmg.com](mailto:dkgordon@kpmg.com)

Taylor Cortright | +1 (202) 533 6188 | [tcortright@kpmg.com](mailto:tcortright@kpmg.com)

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)