

TaxNewsFlash

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Reminder: “Oil spill” excise tax now extended through 2018

A provision of the Bipartisan Budget Act of 2018 (enacted February 9, 2018) extends the "oil spill" excise tax that is imposed on crude oil and imported petroleum products under section 4611. The tax had expired at the end of 2017.

The new law reinstates the "oil spill" excise tax for the period March 1, 2018, through December 31, 2018.

Read text of the legislation: [H.R. 1892](#) [PDF 700 KB]

Background

The excise tax under section 4611 is 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” includes crude oil condensates, natural gasoline, and tight oil.
- Petroleum products include crude oil and refined petroleum products.
- The person liable for the tax is the U.S. refinery operator or the importer.
- The rate of the excise tax in 2017 was \$0.09 per barrel, and that tax was deposited in the “oil spill liability trust fund.”

KPMG observation

Between January 1, 2018, and February 28, 2018, the oil spill tax is **not** imposed on crude oil refiners or enterers of imported petroleum products. Taxpayers need to be

mindful of the penalties associated with making false statements in connection with the sale of taxable articles related to this tax during this period.

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

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