



TaxNewsFlash

United States



No. 2021-488
December 14, 2021

Notice 2021-66: Excise taxes reimposed, list of "Superfund" taxable chemical substances

The IRS today released an advance version of Notice 2021-66 regarding the reinstated excise taxes imposed on certain chemicals and substances under sections 4661 and 4671 (often referred to as "Superfund" excise taxes).

The excise taxes are effective July 1, 2022.

Background

A provision of the "Infrastructure Investment and Jobs Act" (Pub. L. No. 117-58, enacted November 15, 2021) reinstated and modified the applicable rates of tax and other provisions related to the Superfund excise taxes. The modifications concern the method under section 4672(a)(2)(B) for determining whether a substance is a taxable substance by lowering the required percentage of taxable chemicals used to produce the substance from 50% to 20% of the weight (or the value) of the materials used to produce the substance. The IRS was directed to issue a preliminary list of taxable substances under section 4672(a).

Notice 2021-66

[Notice 2021-66](#) [PDF 175 KB]:

- Provides the initial list of taxable substances under section 4672(a)
- Addresses the registration requirements imposed by section 4662(b)(10)(C) and (c)(2)(B) to exempt certain sales and uses of taxable chemicals from tax
- Provides the procedural rules that apply to taxpayers subject to the reinstated Superfund excise taxes
- Suspends Notice 89-61 (as modified by Notice 95-39) which prescribed the former process for certain persons to request that certain substances be added to or removed from the list of taxable substances under section 4672(a)(3)

- Includes a request for comments as to whether there are issues related to the reinstated Superfund excise taxes that require clarification or additional guidance

KPMG observation

- The initial list of taxable substances includes the same hazardous substances that were previously taxable by statute or IRS determination.
- The IRS notice provides affected taxpayers with directions to submit Form 637, *Application for Registration (for Certain Excise Tax Activities)*—before it is revised by the IRS—with respect to exemptions for certain intermediate hydrocarbon streams and inventory exchanges.
- The notice clarifies that affected taxpayers will be required to make semi-monthly deposits of tax and will report the Superfund excise taxes on Form 720, *Quarterly Federal Excise Tax Return*, and Form 6627, *Environmental Taxes*.

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

Taylor Cortright | +1 (202) 533 6188 | tcortright@kpmg.com

kpmg.com/socialmedia



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 1037(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 address the circumstances of any particular individual or entity. 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. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](https://www.washingtonnationaltax.com). 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](https://www.washingtonnationaltax.com).

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