

paid all taxes that the bonded registrant incurred under sections 4041(a)(1) and 4081 during the period covered by the bond and any penalties and interest with respect to the taxes;

(B) The expiration of the period for assessment of the taxes that the bonded registrant incurred under sections 4041(a)(1) and 4081 taxes during the period covered by the bond, as determined under the provisions of subchapter A of chapter 66 of the Internal Revenue Code; or

(C) The date that the district director receives from the registrant a substitute bond given under this paragraph (j).

(5) *Determination that bond is no longer required.* If the district director determines that the bonded registrant meets the adequate security test of paragraph (f)(4) of this section without a bond, the registrant is to be released from the obligation to give a bond as a condition of registration under section 4101.

(k) *Cross references.* For a rule relating to the filing of monthly and semi-monthly returns by certain persons that are registered under section 4101, see § 40.6011(a)-1(b)(2) of this chapter. For rules relating to the tax on taxable fuel, see §§ 48.4081-1 through 48.4083-1. For rules relating to claims by registered ultimate vendors, see § 48.6427-9. For rules relating to claims by registered ultimate vendors (blocked pump), see § 48.6427-10.

(1) *Effective dates.* (1) Except as otherwise provided in this paragraph (1), this section is applicable as of January 1, 1994.

(2) Paragraph (c)(1) of this section (relating to persons required to be registered) is applicable as of January 1, 1995, except that paragraphs (c)(1)(iii) and (c)(1)(vii) of this section are applicable after March 31, 2001.

(3) Paragraph (h)(3)(iii) of this section (relating to certain recordkeeping requirements) is applicable as of July 1, 1996.

(4) References in this section to kerosene are applicable after June 30, 1998.

[T.D. 8659, 61 FR 10459, Mar. 14, 1996; 61 FR 28053, June 4, 1996, as amended by T.D. 8879, 65 FR 17159, Mar. 31, 2000; 65 FR 26488, May 8, 2000]

§ 48.4101-2 Information reporting.

(a) *In general.* Each information report under section 4101(d) must be—

(1) Made in the form required by the Commissioner;

(2) Made for a period of one calendar month; and

(3) Filed by the last day of the first month following the month for which the report is made, except that a report relating to any month during 2000 must be filed by February 28, 2001.

(b) *Effective date.* This section is applicable after March 30, 2000.

[T.D. 8879, 65 FR 17160, Mar. 31, 2000]

§ 48.4102-1 Inspection of records by State or local tax officers.

(a) *Inspection of records maintained by taxpayer.* The records that a taxpayer is required to keep with respect to the taxes imposed by section 4081 or 4091 must be open to inspection by any officer of any State or political subdivision thereof, or of the District of Columbia, who is charged with the enforcement or collection of any tax on taxable fuel or aviation fuel.

(b) *Inspection of records maintained by Internal Revenue Service—(1) In general.* The records maintained by the Internal Revenue Service with respect to the taxes imposed by sections 4081 and 4091 shall, upon the request of an officer (described in paragraph (b)(2) of this section) of a State or political subdivision thereof, or of the District of Columbia, be open to inspection by the officer for purposes of collection or enforcement.

(2) *Requests for inspection.* Requests for inspection under this paragraph shall be made in writing, signed by any officer of a State, political subdivision, or the District of Columbia, who is charged with the enforcement or collection of any tax on taxable fuel or aviation fuel imposed by the State, political subdivision, or the District of Columbia, and shall be addressed to the director of the Internal Revenue Service Center having custody of the records which it is desired to inspect. Each such request shall state (1) the kind of records (whether pertaining to taxable fuel or aviation fuel) it is desired to inspect, (ii) the period or periods covered by the records involved,

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(iii) the name of the officer by whom the inspection is to be made, (iv) the name of the representative of the officer who has been designated to make the inspection, (v) by specific reference, the law of the State, political subdivision, or the District of Columbia imposing the tax which the officer is charged with collecting or enforcing, and the law under which the officer is so charged, and (vi) the purpose for which the inspection is to be made. The service center director will notify the person making the request upon approval or disapproval of the request.

(3) *Time and place for inspection.* In any case where a request for inspection under this paragraph (b) is approved, the inspection shall be made in the office of the service center director having custody of the records which it is desired to inspect, but only in the presence of an internal revenue officer or employee and during the regular hours of business of the office.

[T.D. 7908, 48 FR 40222, Sept. 6, 1983, as amended by T.D. 8659, 61 FR 10462, Mar. 14, 1996]

Subpart I—Coal

§ 48.4121-1 Imposition and rate of tax on coal.

(a) *Imposition of tax—(1) In general.* Section 4121(a) imposes a tax on coal mined at any time in this country if the coal is sold or used by the producer after March 31, 1978 (see section 4218 and the regulations under that section for rules relating to the use of coal being treated as a sale of coal). For purposes of this section, the term “producer” means the person in whom is vested ownership of the coal under state law immediately after the coal is severed from the ground, without regard to the existence of any contractual arrangement for the sale or other disposition of the coal or the payment of any royalties between the producer and third parties. The term includes any person who extracts coal from coal waste refuse piles or from the silt waste product which results from the wet washing (or similarly processing) of coal. However, the excise tax does not apply to a producer who sells the silt waste product without extracting the coal from it, or to the producer

who uses the silt waste product without extracting the coal from it. Furthermore, the excise tax does not apply to the sale or use of the silt waste product after any coal has been extracted from it.

(2) *Examples.* Paragraph (a)(1) of this section may be illustrated by the following examples:

Example (1). A, a limited partnership, is the owner of land on which a coal mine is located. A contracts with XYZ Company to extract the coal for a set price per ton. XYZ Company is an independent contractor and has no ownership interest in the coal mined. Under state law, A is the owner of the coal immediately after severance. After XYZ extracts the coal from the mine, A sells the coal. A is the producer of the coal and is responsible for the payment of the excise tax.

Example (2). A, a limited partnership, is the owner of land on which a coal mine is located. A leases the land to XYZ Company, and XYZ Company extracts coal from the mine and sells it. Under state law, XYZ is the owner of the coal immediately after the coal is severed from the ground. XYZ Company is the producer and must pay the excise tax. This is true even though the lease agreement requires XYZ to pay a royalty to A.

Example (3). XYZ Company purchases a coal waste refuse pile from B and extracts the coal from the waste refuse pile and sells the coal. XYZ is the producer and must pay the excise tax.

Example (4). XYZ Company is a producer of coal and operates its own cleaning plant. After wet washing the coal, it sells the coal and the silt waste product. The sale of the coal is subject to the excise tax whereas the sale of the silt is not.

Example (5). Assume the same facts as in example (4) except that before selling the silt waste product XYZ Company extracts a small quantity of finely sized coal from the silt waste product and then sells both the finely sized coal and the silt waste product. The sale of the finely sized coal is subject to the excise tax whereas the sale of the silt is not.

(b) *Rate of tax—(1) Underground mines; surface mines.* The rate of tax imposed on coal from underground mines located in the United States is the lower of 50 cents per ton (2,000 pounds), or 2 percent of the sale price. The rate of tax imposed on coal from surface mines located in the United States is the lower of 25 cents per ton (2,000 pounds) or 2 percent of the sale price. If a sale or use includes a portion of a ton, the tax is applied proportionately. Thus, if