

Excise Taxes, Fiscal Year 1992

by Bruce F. Davie

Federal budget receipts from excise taxes increased by almost 30 percent between 1990 and 1992, to nearly \$46 billion, slightly reversing their long downward trend as a percentage of total budget receipts. For the first time, data on the number of taxpayers who pay various Federal excise taxes and the distribution of these taxpayers by size of tax liability are presented.

Excise taxes have been a part of the Federal Government's revenue base since the 1790's. Even after the introduction of individual and corporate income taxes in 1913, and the advent of payroll taxes in the 1930's, excise taxes continued to be an important source of revenue. As recently as Fiscal Year (FY) 1960, excise taxes constituted 12.6 percent of total Federal budget receipts (see the first panel of Figure A). Over the period since the end of World War II, this percentage has been as high as 19.1 (FY 1950) and as low as 3.4 (FY 1990). Recovering somewhat from this low point, excise taxes increased to 4.2 percent of total receipts in FY 1992.

In recent years, several new excise taxes have been enacted (e.g., on luxury items, ozone-depleting chemicals and cruise ship passengers). Rates for some long-established excise taxes have been increased (e.g., alcoholic beverages, cigarettes and gasoline). A few excise taxes, including the crude oil windfall profit tax, initially imposed in 1980, have been repealed [1]. Of the luxury taxes enacted in 1990, all were repealed in 1993 with the exception of the luxury tax on automobiles.

Federal Excise Taxes: An Overview

Excise taxes contributed \$45.6 billion to the Federal Government's budget receipts for FY 1992. These taxes are collected by both the Internal Revenue Service (IRS) and the Bureau of Alcohol, Tobacco and Firearms (BATF). Additionally, the cargo excise tax, collected by the U.S. Customs Service to support the Harbor Maintenance Trust Fund, generated \$0.5 billion of receipts which are classified in the U.S. *Budget* as trust fund customs duties and fees rather than excise taxes.

The broad history of budget receipts from excise taxes since 1940 is illustrated by Figure A [2]. The rise and fall of receipts from the crude oil windfall profit tax is shown in the second panel which focuses on Federal funds (i.e., receipts not dedicated to any trust fund). The use of excise taxes to support trust funds dedicated to particular spending programs, beginning with the Highway Trust Fund in

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1957, is displayed in the third panel.

Most of the excise taxes collected by the IRS are transferred from the General Fund, into which all excise tax collections are initially deposited, to various trust funds. The fiscal relationships among excise taxes, the General Fund and trust funds are illustrated by Figure B. As indicated, the "receipts" concept used in the *Budget* is "gross collections net of refunds."

The financing of those trust funds supported by excise taxes during FY 1992 is summarized in Table 1 [3]. In addition to dedicated excise taxes, trust funds receive interest payments on cash balances invested in special issues of U.S. Treasury obligations (column 3) and, in some cases, dedicated user fees or other receipts (column 6).

Excise taxes are generally flat-rate taxes, imposed on defined "taxable events" and paid by identified "taxable persons." Rates, taxable events, and taxable persons are all legislatively prescribed. Tax rates can be expressed either as specific amounts per physical unit or as a percentage of value or price (i.e., in *ad valorem* terms). Taxable events are usually defined by one or more of the following: production; importation; sale; lease; use; holding inventory on a specific date; or, in the case of some regulatory taxes, a particular financial transaction. Taxable persons may be sellers, buyers, producers, users, importers or some other party to the taxable event. In a few cases, such as taxes on telephone services and air transportation, a person that is not a taxpayer is statutorily obligated to collect the tax from taxpayers and remit the proceeds [4].

Fiscal Purposes of Excise Taxes

Excise taxes are used by the Federal Government for a variety of fiscal purposes in addition to generating revenue. Several excise taxes clearly serve a mixture of purposes. Identifying the purpose(s) of an excise tax may help to understand its features, such as the scope of items subject to the tax and any exemptions.

Eight separate fiscal purposes for excise taxes can be identified:

- Generating revenue only;
- Reducing consumption for sumptuary reasons;
- Funding expenditure programs by taxing beneficiaries;
- Funding an expenditure program by taxing those responsible for the problem addressed by the program;
- Capturing "windfall profits;"
- Adjusting prices at the border for the effects of domestic excise taxes;
- Adjusting for negative externalities; and
- Regulating the activity of particular entities.

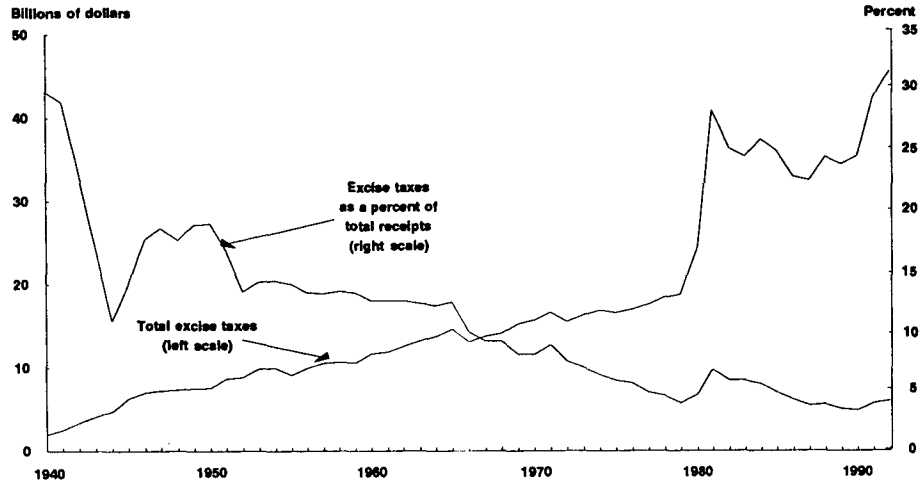
**Excise taxes
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Excise Taxes, Fiscal Year 1992

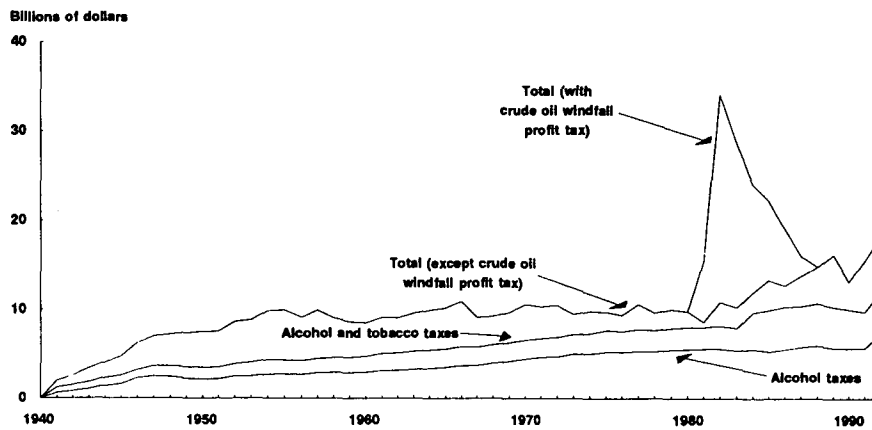
Figure A

Federal Excise Taxes, Fiscal Years 1940-1992

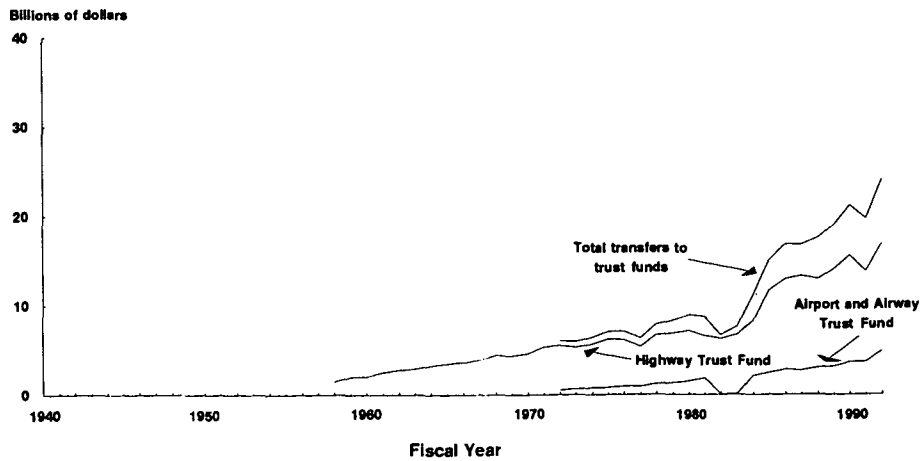
Federal Government Budget Receipts from Excise Taxes



Excise Taxes Reserved as Federal Funds



Excise Taxes Transferred to Trust Funds



Excise Taxes, Fiscal Year 1992

Figure B

Net Excise Tax Receipts and Their Disposition, Fiscal Year 1992

(Money amounts are in billions of dollars)

Item	Total	Internal Revenue Service	Bureau of Alcohol, Tobacco and Firearms
	(1)	(2)	(3)
Excise tax receipts, total.....	45.6	32.5	13.1
Gross collections	46.9	33.6	13.3
Less: refunds, total	1.3	1.1	0.2
Paid from Federal funds.....	0.8	0.5	0.2
Paid from trust funds	0.6	0.6	--
Disposition of gross collections, total.....	46.9	33.6	13.3
Federal funds	22.6	9.3	13.3
Specific taxes	18.1	4.7	13.3
Undistributed deposits and unapplied collections.....	4.5	4.6	--
Trust funds	24.3	24.3	--

Source: Budget of the United States Government, Fiscal Year 1994.

NOTE: Detail may not add to totals because of rounding.

Generating Revenue

Few excise taxes have revenue raising as their only purpose. The tax on telephone and teletype services and fuel taxes enacted for deficit reduction purposes are the major examples. The "luxury taxes" enacted in 1990 on certain autos, boats, airplanes, furs, and jewelry are examples of an intent to raise revenue, but only from high-income consumers [5]. Even though few excise taxes have been enacted purely to raise revenue, revenue considerations are important when excise taxes intended primarily for other purposes are considered for enactment, modification, extension or repeal.

Sumptuary Taxation

Excise taxes on alcoholic beverages and tobacco products traditionally have been defended on sumptuary grounds, that "too much" would be consumed if these products were sold at prices approximating costs of production and distribution. More recently, these taxes on alcohol and tobacco have been defended as a means, not only of decreasing individual consumption, but also as a technique for forcing the users of these products to pay for costs they impose on others (see the discussion of externality-adjusting taxes below). The tax on certain wagers is another example of sumptuary taxation. These taxes are often referred to as "sin taxes."

Funding Expenditure Programs

Several excise taxes are imposed to fund some or all of the cost of particular Federal expenditures from taxes on

the program's beneficiaries. Proceeds from such taxes are typically dedicated to a trust fund so as to earmark the revenue for a particular purpose. The several different taxes supporting the Highway Trust Fund and the Airport and Airway Trust Fund are familiar examples. Highway taxes not only force highway users to pay, but also attempt to distribute costs among classes of users so that those, such as operators of heavy trucks, who use highways more intensively pay more.

Taxes on gasoline and diesel fuel are used for several different purposes in addition to supporting the highway system. In FY 1992 they generated General Fund revenue (the 2.5 cents per gallon deficit reduction tax), supported mass transit projects (1.5 cents per gallon), funded the Leaking Underground Storage Tank Trust Fund (0.1 cent per gallon) and supported the Aquatic Resources Trust Fund (to the extent gasoline and certain other fuels, but not diesel fuel, are estimated to be used in motorboats and small engines) [6]. After a portion of these fuel taxes are transferred to the Aquatic Resources Trust Fund, amounts are distributed, pursuant to a statutory formula, to the Boat Safety Account, Sport Fish Restoration Fund and Coastal Wetlands Restoration Trust Fund (see Table 1). Additionally, taxes on gasoline used as noncommercial aviation fuel are transferred to the Airport and Airway Trust Fund. (Noncommercial aviation is taxed on the basis of fuel used and commercial aviation on the basis of passengers and freight carried.)

A number of excise taxes distribute the cost of a Government program among taxpayers thought to be in some way responsible for the problem the program addresses. Five trust funds are supported by such taxes: Black Lung Disability Trust Fund; Hazardous Substances Superfund; Leaking Underground Storage Tank Trust Fund; Oil Spill Liability Trust Fund; and Vaccine Injury Compensation Trust Fund. Taxes for this purpose differ from taxes on program beneficiaries in that those who pay receive no special benefit from the program being funded [7]. Such taxes are usually structured to raise a specified amount of money. When the specified trust fund balance is reached, the taxes expire [8]. Subsequently, if the balance in the trust fund to which the taxes are dedicated falls below a specified amount, the tax may, in some cases, be restored without further legislative action.

Capturing Windfall Profits

Congress sometimes reacts to exogenous events by imposing excise taxes designed to garner for the public "windfall profits" that would otherwise inure to private firms. Petroleum excise taxes, enacted by the Crude Oil Windfall Profit Tax Act of 1980 and repealed in 1988,

were intended to capture for the public a part of the windfall profits from the sale of domestically-produced oil and gas at prices made "artificially high" by actions of the Organization of Petroleum Exporting Countries (OPEC) to restrict supply. Taxes enacted in 1989 and 1990 on ozone-depleting chemicals (ODC's) tax away windfall profits otherwise arising from the regulatory restrictions on U.S. production of ODC's. These restrictions implemented the Montreal Protocol, an international agreement to reduce ODC production.

Adjusting Prices at the Border

Excise taxes on commodities are imposed on imports as well as domestic production. Exports generally are not taxed. When taxes are imposed on domestically-produced and imported raw materials or intermediate products, as in the case of ODC's and chemicals taxed to support the Hazardous Substance Superfund, domestic firms using the taxed raw materials to produce final products may be at a disadvantage vis-a-vis importers of those products because foreign producers are able to use untaxed raw materials. In response to concern about such competitive disadvantages, excise taxes are imposed on imported products containing or manufactured with the taxed raw material. Currently, taxes are imposed for this reason on certain imported chemical substances and on imported products containing, or manufactured using, ODC's. Taxes are also imposed on certain premiums paid to foreign insurance companies, purportedly to put competition between domestic insurance companies and foreign insurance companies not subject to U.S. taxation on a "level playing field."

Adjusting for Negative Externalities

Excise taxes are often urged by economists to adjust market prices for failure to reflect societal costs (what economists call "negative externalities") not borne by parties to transactions occurring at market prices. Taxes for this purpose on pollutants, virgin materials, and energy have been widely discussed. Only two existing Federal excise taxes ostensibly serve such a purpose. The gas guzzler tax on automobiles failing to meet certain fuel economy standards was motivated by concerns about over-dependence on imported oil. This is a graduated tax depending on the extent of the shortfall between the auto's fuel efficiency and the standard. The tax does not depend upon actual fuel consumption. A part of the Highway Trust Fund tax on motor fuels is dedicated to the Mass Transit Account. Viewed as a separate tax, it represents a crude attempt to force motorists to bear a portion of the congestion costs they impose on society, while at the same

Excise taxes serve a variety of fiscal purposes in addition to raising revenue.

time channeling funds to public transportation modes that can relieve congestion.

There may be an element of taxing "costs to society" in some other present law taxes, such as the sumptuary taxes on liquor and tobacco. Recent increases in

tax rates on these commodities have been defended in their legislative history, in part, on social cost arguments, not merely on the traditional sumptuary grounds of decreasing individual consumption. For example, the rationale for higher tobacco taxes has been to reduce cigarette consumption, thereby reducing the social costs that smokers impose on nonsmokers, in part in the form of higher health insurance premiums. ODC taxes are externality-adjusting to the extent that they reduce ODC production more rapidly than mandated by the Montreal Protocol.

Regulatory Taxes

Excise taxes are imposed on a variety of financial and other transactions with regulatory intent to prohibit, or at least discourage, the transaction. These are sometimes referred to as penalty taxes. No significant revenue is expected to be generated by most of these taxes. Examples include excise taxes on certain lobbying activities of charitable organizations, self-dealing by private foundations, and excess contributions to pension plans. The taxes imposed on occupations related to liquor, tobacco, and wagers are also regulatory in nature.

User Fees

Excise taxes need to be distinguished from user fees [9]. Excise taxes arise from the exercise of a government's sovereign power and are imposed on transactions between private persons, or on other taxable events to which private persons are a party [10]. User fees are imposed on transactions between private persons and government entities, such as admission to a national park.

The conceptual distinction between taxes and user fees is not always honored in practice. For example, fees paid by boat owners, arguably related to Coast Guard services, are not included in the Internal Revenue Code as a tax. They are treated as a user fee in the Federal Government's budget even though there is no voluntary transaction between boat owner and Government agency. The distinction does have important consequences in terms of Congressional procedures. Constitutionally, a tax can only be enacted as part of a revenue bill originating in the House of Representatives. Procedurally, this means that

the Committee on Ways and Means has jurisdiction over any tax legislation, whereas a user fee may be imposed by legislation originating in the Senate or some other committee of the House of Representatives.

Excise Tax Rates and Amounts for FY 1992

Many excise tax rates have changed over time. Some tax rates are statutorily scheduled to increase each year, and some recent rate increases have been phased in over a series of years. The tax rates in effect on January 1, 1992, are shown in Table 2 for each tax or group of taxes for which data regarding amounts are separately available. These tax rates all happen to have been in effect throughout Calendar Year 1992.

Several features of Table 2 require additional explanation. Excise taxes are categorized in the table as they appear in Subtitles D and E of the Internal Revenue Code. This organizing framework is in itself confusing. For example, most of the "environmental" taxes are paid by manufacturers but are not classified as manufacturers taxes. The reason is that certain provisions of the Code, such as exemptions for State and local Governments, apply to manufacturers taxes generally, but not to environmental taxes. Many of the items in the table summarize a set of two or more specific, but related, taxes. For example, the listing for the environmental tax on chemicals summarizes taxes, at various rates, on 42 separate chemicals [11].

The term "amounts" is used in Table 2 because the data are neither tax liabilities nor budget receipts for FY 1992. Excise tax liabilities arise as taxable events occur during specific time periods. Generally, these liabilities are reported on returns filed with respect to each quarter (or semimonthly period, for most taxes collected by BATF) of the year. The returns are due during the next quarter, generally by the end of the month immediately following the liability quarter. The amounts reported in Table 2 are based on the tax liabilities listed on returns processed during the four quarters of FY 1992, beginning on October 1, 1991, and ending on September 30, 1992. For the most part, the liabilities listed on returns processed during FY 1992 were accrued during the period July 1, 1991, to June 30, 1992. But, some of the returns processed during FY 1992 were late returns for quarters ending before July 1, 1991, and a few returns for the July 1 to September 30, 1992, quarter were filed and processed during that period. As a result, these amounts cannot be precisely described as tax liabilities attributable to any specific time period. For these reasons the total shown in column 2 of Table 2 is not equal to the gross collections for FY 1992 recorded in Figure B.

Accounting for Excise Taxes

Most excise taxes are required by IRS or BATF regulations to be deposited on a semimonthly basis. Generally, the tax with respect to a semimonthly period is deposited during the following semimonthly period, using Federal Tax Deposit (FTD) coupons, in the case of taxes collected by IRS, or Electronic Funds Transfers (EFT), in the case of BATF taxes [12]. When funds are received by the Federal Government in this fashion, no information is provided as to what specific excise tax is being paid; therefore, the actual amount received from each excise tax is unavailable.

After returns are processed and liability amounts posted to individual taxpayer accounts, BATF and IRS tabulate recorded liabilities by type of tax. The IRS tabulation from its Business Master File (BMF) of liability amounts recorded from all Forms 720, *Quarterly Federal Excise Tax Returns* (and certain other excise tax transactions), processed during a quarter is subjected to "editing" to derive "certified" quarterly amounts. These certified amounts, aggregated over the four processing quarters of FY 1992, are the amounts listed in Table 2. The Data Sources and Limitations section of this article presents a more complete description of these data and the differences between them and similar data reported in other sources.

Tracking a New Excise Tax

Because of these budget accounting conventions and procedures, there can be a confusing lag between the time a new excise tax is imposed and the recording of receipts for that tax in the IRS quarterly release on excise taxes or in the *Budget*. For example, taxpayers began paying, in the form of semimonthly deposits, luxury taxes on autos, boats, airplanes, jewelry, and furs in January of 1991. The tax was in effect for 3 of the 4 quarters of FY 1991. None of the returns showing liabilities for these taxes would have been processed until the third quarter of the fiscal year, the quarter ending June 30, 1991. The IRS report for that quarter gives \$37 million as the amount for all the luxury taxes. The report for the next processing quarter listed \$61 million. It is reasonable to expect the amount for the first quarter these taxes were in effect to be relatively low; some purchases of these items were accelerated into the last quarter of Calendar Year 1990 in anticipation of the tax going into effect on January 1, 1991.

The *Budget* for FY 1993 listed "actual" FY 1991 luxury tax receipts of \$159 million, \$61 million more than IRS had reported by then. The \$159 million amount was an OTA estimate of luxury tax receipts during the last 3

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quarters of FY 1991. (OTA frequently makes such estimates for use in the "Receipts by Source" table in the *Budget* because of the time lag required for IRS to account for excise tax liabilities.) Subsequent IRS tabulations of luxury tax liabilities for the last 3 quarters of FY 1991, attributing amounts on returns filed late to the appropriate liability quarter, indicate total liabilities for that period of \$183 million. Even this more refined information does not definitively answer the question of how much the Federal Government received in luxury tax payments during FY 1991 because some of the liabilities listed on late returns were undoubtedly paid late.

Transferring Excise Taxes to Trust Funds

A large number of excise taxes are dedicated to one or more of ten different trust funds [13]. Additionally, the proceeds of some excise taxes are dedicated to particular expenditure accounts that are not technically trust funds [14]. Multiple uses of receipts from specific excise taxes are indicated in Table 2 where appropriate.

The Internal Revenue Code requires "amounts equivalent to the taxes received" from various specific excise taxes to be transferred to trust funds. If such transfers had to wait until amounts were certified, the period of time between the payment of taxes through deposits and the transfer would be about 9 months. To prevent the delay, the Financial Management Service of the Treasury Department (FMS) makes monthly, or other periodic, transfers to the trust funds based on estimated excise tax liabilities provided by the Treasury's Office of Tax

Ten different trust funds are supported by excise taxes.

Analysis (OTA). On the basis of "certified amounts" provided by IRS, FMS makes a balancing transfer between the General Fund and the appropriate trust fund(s) to adjust for any difference between transfers made on the basis of OTA estimates for a particular quarter and the amounts certified later by the IRS, based on tax liabilities reported on returns processed in the following quarter [15].

Various excise tax provisions of the Internal Revenue Code exempt certain users of taxed commodities or services. In many cases, the exemption is effectuated by allowing tax-free sales. The tax-free sale of gasoline in bulk to a State or local Government is an example. Such exemptions are accounted for on returns so that reported liabilities are net of taxes on many tax-free transactions. Other persons eligible for exemptions file for refunds. Some refunds, as in the case of gasoline used on farms, are only allowed as a credit against income tax liabilities.

The IRS certifies such refunds and credits to FMS so that appropriate transfers from the Highway and Airport and Airway trust funds back to the General Fund (out of which refunds were paid and credits charged) can be made. Transfers of excise taxes to these two trust funds, initially made on the basis of OTA estimates, take into account expected refunds and credits. After IRS certifies actual refunds and credits for a quarter, a balancing transfer is made by FMS.

Numbers of Taxpayers

Information regarding the major excise tax returns filed with the IRS during FY 1992 is provided in Figure C. Comparable data for various regulatory excise taxes are not available. Counting returns filed in the year would seriously overstate the number of excise taxpayers [16] because many taxpayers file quarterly and some monthly. Moreover, about 30 percent of the Forms 720 that are filed list zero tax liabilities.

For some taxes, such as the manufacturers excise tax on tires, the same taxpayers typically have tax liabilities and file returns quarter after quarter. For other taxes, individual entities may be occasional payers, as in the case of luxury taxes. An auto dealer, boat yard owner or jeweler may have a taxable sale in one or two quarters of the year but not in the other quarters. In some industries, new entrants swell the number of taxpayers. For example, the expanding practice of leasing telephone equipment has slowly increased the number of returns filed in connection with telephone excise tax liabilities. Averaging over 4 quarters seems the best way to convey a sense of the number of taxpayers having tax liabilities for most excise taxes because they are reported via quarterly returns. For excise taxes assessed annually (i.e., the use tax on heavy highway vehicles and the various occupational taxes), reporting data for the entire year is more appropriate. The data from BATF do not permit averaging numbers of taxpayers over 4 quarters. These entries in Table 3 are for the fourth quarter of FY 1992 and thus are not strictly comparable to the IRS data. Deriving the total number of excise taxpayers from the data is impossible because many taxpayers pay more than one excise tax.

The concept of "taxpayer" as used in Table 3 requires some explanation. In general, excise taxpayers are entities with separate employer identification numbers (EIN's). Some large corporations that file consolidated returns for income tax purposes will comprise several different taxpayers for excise tax purposes, if their different subsidiaries have separate EIN's.

The occupational taxes administered by BATF use an "establishment" basis to define the taxpayer. For example,

Excise Taxes, Fiscal Year 1992

Figure C

Number of Internal Revenue Service Excise Tax Returns, Fiscal Year 1992

Major type of tax return	Filing frequency	Total returns all quarters	Number of returns filed during quarter ended-			
			December 1991	March 1992	June 1992	September 1992
	(1)	(2)	(3)	(4)	(5)	(6)
Total	-	811,402	202,042	138,047	142,740	328,573
Occupational tax and registration return for wagering, Form 11C.....	Annual	11,238	1,110	844	1,795	7,489
Quarterly Federal excise tax return, Form 720.....	Quarterly	311,738	80,819	74,077	78,027	78,815
Tax on wagering, Form 730.....	Annually	55,508	14,310	14,451	14,778	11,969
Highway vehicle use tax return, Form 2290.....	Annually	432,918	105,803	48,675	48,140	230,300

the \$250 per year tax paid by retailers of alcoholic beverages must be paid with respect to each separate location where a business entity sells alcoholic beverages. Thus, a chain of liquor stores comprises several "taxpayers." Also, each airplane in which alcoholic beverages are served is a separate location and hence separately counted.

Only six excise taxes involve more than 5,000 taxpayers. The annual use tax on heavy vehicles and the occupational tax on retailers of alcoholic beverages involved 432,918 and 400,922 taxpayers, respectively, during FY 1992. On average, each quarter 6,380 automobile dealers reported luxury tax liabilities on high-priced cars, and 5,257 persons reported tax liabilities on "special" fuels, which are fuels other than gasoline, diesel and gasohol subject to the Highway Trust Fund tax. There were many more taxpayers with liabilities for diesel fuel taxes (22,611) than gasoline (5,696) because the former is generally collected from wholesalers whereas gasoline taxes are generally collected at the "terminal rack" [17]. A few excise taxes involve less than 100 taxpayers.

Distribution of Taxpayers by Size of Tax Liability

For each excise tax the number of taxpayers is reported in Table 3 by size of quarterly tax liability. For the vast majority of excise taxes, more taxpayers have quarterly tax liabilities of \$1,000 or less, the smallest size category, than for any other size category. Only for taxes on gasoline, airline tickets and tobacco products do any taxpayers have quarterly excise tax liabilities of more than \$100 million.

As Table 2 demonstrates, seven excise taxes — taxes on gasoline and diesel fuels; telephone and airline services; distilled spirits; beer; and tobacco products — account for over 80 percent of all excise tax amounts. These taxes, as shown in Table 3, are characterized by relatively few taxpayers with relatively large (more than \$1 million per quarter) tax liabilities.

Floor Stocks Taxes

Floor stocks taxes are special excise taxes enacted when new excise taxes are introduced or existing tax rates increased significantly. These taxes are imposed on holders of inventories of taxed commodities on the effective date of the new tax or rate increase. Only those who hold inventories "downstream" from the usual point of collection are subject to the tax. For example, if a new tax applies to sales by manufacturers, their inventory will not be subject to a floor stocks tax because the new tax will be imposed when that inventory is sold. However, the tax would apply to the inventories of wholesalers and retailers in this case. The purpose of floor stocks taxes is to prevent tax avoidance by the accumulation of inventories just before the new tax goes into effect. Because of their temporary nature, floor stocks taxes are usually not enacted as amendments to the Internal Revenue Code.

The only floor stocks taxes listed in Tables 2 and 3 are those on inventories of ozone-depleting chemicals. These taxes apply each year to January 1 inventories because the tax rates on ozone-depleting taxes are scheduled to increase each January 1. These floor stocks are a part of the Code because of their continuing nature.

The experience with the floor stocks taxes on motor fuels enacted in 1990 is reviewed in Figures D - F. The Omnibus Budget Reconciliation Act of 1990 included increases of 5 cents per gallon in the Federal excise tax on most motor fuels. The Act also imposed floor stocks taxes, generally 5 cents per gallon, on inventories of these fuels held on December 1, 1990, the effective date of the rate increases. The floor stocks tax on noncommercial aviation fuel other than gasoline was 3.5 cents, and on diesel fuel for trains, 2.5 cents. Because these floor stocks taxes generally applied to persons located downstream from the collection point, many of these taxpayers, such as gasoline retailers, were not regular excise taxpayers.

The statute required these floor stocks taxes to be paid on or before May 31, 1991. To avoid imposing compli-

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Figure D

December 1, 1990, Floor Stocks Tax Liabilities on Motor Fuels, by Processing Quarter, Fiscal Years 1991 and 1992

[Money amounts are in thousands of dollars]

Type of fuel	Total floor stocks tax liabilities	Floor stocks excise tax liabilities on returns processed in-					
		Fiscal Year 1991, quarter ended-			Fiscal Year 1992, quarter ended-		
		June 1991	September 1991	December 1992	March 1992	June 1992	September 1992
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total liabilities for taxpayers with December 1, 1990, floor stocks taxes on motor fuels	82,400	83,672	17,842	3,308	3,612	2,167	1,799
As a percentage of total floor stocks tax liability.	100	65	22	4	4	3	2
Gasoline sold for use in gasohol.....	145	118	44	1	18	-27	-9
All other gasoline.....	60,425	39,252	12,700	2,875	2,826	1,600	1,172
Gasohol.....	5,260	4,030	921	112	105	59	33
Noncommercial aviation fuel other than gasoline.....	715	415	206	-97	151	25	15
Diesel fuel used in trains.....	4,369	3,100	1,100	2	63	69	35
All other diesel fuel.....	11,386	6,700	2,850	394	459	439	544
Special motor fuel.....	100	57	21	21	-10	2	9

ance costs on persons with relatively small inventories, that is, to provide what is called a *de minimis* rule, the statute exempted holdings of 4,000 gallons or less of gasoline and 2,000 gallons or less of diesel fuel. These two *de minimis* rules were characterized by "cliff effects;" holding 4,001 gallons of gasoline, or 2,001 gallons of diesel fuel, subjected all gallons held to tax, not merely gallons in excess of the *de minimis* amounts. No tax was imposed on fuel held in the fuel tank of a motor vehicle or motorboat. The tax was imposed on fuel held in the tanks of trains and planes. No *de minimis* rule for aviation fuel was provided.

The *Quarterly Federal Excise Tax Return* (Form 720), as revised in January 1991, included seven lines for taxpayers

to record their fuel floor stocks tax liabilities. Treasury regulations made it clear that these taxes were to be reported on Form 720 for the first calendar quarter of 1991, with May 31, 1991, being the due date for both the payment and the return [18]. A taxpayer with a floor stocks tax liability could file as late as May 31st, even if the taxpayer had other excise tax liabilities to report on that return which normally would have been due on April 30th. The regulations directed the taxpayer to pay the floor stocks tax liability, either with the return or by depositing the tax using an FTD coupon.

Tax liabilities for these seven floor stocks taxes on fuels are shown in Figure D by processing quarter, for the last 2

Figure E

Returns with Itemized Deductions: Comparison of Adjusted Gross Income and Selected Itemized Deductions, Tax Years 1991 and 1992

[Numbers of returns are in thousands--money amounts are in millions of dollars]

Item	1991 ETE ¹		1992 ETE ¹		Percentage increase in amount
	Number of returns ²	Amount	Number of returns ²	Amount	
	(1)	(2)	(3)	(4)	
Adjusted gross income (less deficit).....	29,415	1,867,159	29,253	1,886,078	1.0
Itemized deductions ³	29,415	409,461	29,253	416,019	1.6
Medical and dental expense.....	4,815	19,875	4,974	22,119	11.3
Taxes paid deduction.....	28,965	135,075	28,744	143,185	6.0
Total interest paid deduction ³	24,650	183,182	24,295	175,947	-4.0
Home mortgage interest:					
Paid to financial institutions.....	23,625	167,648	23,373	163,024	-2.8
Paid to individuals.....	2,685	7,648	2,334	6,681	-12.6
Casualty or theft loss deduction.....	110	660	103	4,229	540.8

¹ Data are based on the Early Tax Estimates (ETE) subsample of returns used for Statistics of Income--Individual Income Tax Returns.

² Returns with no adjusted gross income are not included in the deduction counts. For this reason, the sum of returns with total itemized deductions after limitation and returns with total standard deduction is less than the total number of returns for all filers.

³ Includes amounts not shown separately below.

NOTE: All data are for returns filed through April.

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Figure F

Number of Taxpayers with December 1, 1990, Floor Stocks Taxes on Motor Fuels, by Size of Tax Liability, Processing Quarter Ended June 1991

Types of fuel	Total number of taxpayers ¹	Number of taxpayers by size of tax liability							
		\$1,000 or less	\$1,001 to \$5,000	\$5,001 to \$10,000	\$10,001 to \$20,000	\$20,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$1,000,000	\$1,000,001 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total number of taxpayers with December 1, 1990, floor stocks taxes on motor fuels.....	22,756	16,954	4,411	703	358	217	64	46	3
As a percentage of all floor stocks taxpayers	100.00	74.50	19.38	3.09	1.57	0.95	0.28	0.20	0.01
Gasoline sold for use in gasohol.....	67	47	**17	**	--	**	--	--	--
All other gasoline.....	14,978	10,792	3,146	543	274	150	39	31	3
Gasohol.....	1,214	899	205	38	28	**39	**	5	--
Noncommercial aviation fuel except gasoline.....	563	492	58	8	**5	**	**	--	--
Diesel fuel used in trains.....	459	410	24	8	**12	**	**	5	--
All other diesel fuel.....	5,459	4,303	960	104	50	25	12	5	--
Special motor fuel.....	16	11	**5	**	**	**	--	--	--

¹ The numbers of taxpayers differ from the numbers reported in Figure E because the data were obtained from the IRS Business Master File at different times during the processing quarter.

** Not shown separately to avoid disclosure of information about specific taxpayers. However, data are included in an adjacent quarter and in the totals.

quarters of FY 1991 and all 4 quarters of FY 1992. Total tax liabilities reported through the end of FY 1992 were \$82.4 million. Data showing the number of taxpayers reporting these liabilities are presented in Figure E. Only about 65 percent of the tax liabilities recorded through the end of FY 1992 were reported on returns processed during the third quarter of FY 1991. This is the quarter when they should have been processed if all taxpayers filed on time and if there were no processing delays. An additional 22 percent of these liabilities was processed during the next quarter. Returns from about 57 percent of the taxpayers who filed returns (or for which assessments were made) during the entire FY 1991-1992 period were processed in the third quarter of FY 1991.

Additional information, for the third quarter of FY 1991 (i.e., the quarter ending June 30, 1991) only, is presented in Figure F. This shows the distribution of taxpayers among the same size-of-tax-liability categories used in Table 3. About three-quarters of the taxpayers reported a floor stocks tax of \$1,000 or less.

Data Sources and Limitations

Deposits, payments accompanying excise tax returns, and any other excise tax payments (such as payments in settlement of an assessment) received by the Treasury during a month are recorded as "gross excise tax receipts," undifferentiated with respect to any specific tax, in the *Monthly Treasury Statement* (MTS) [19]. This gross amount, less excise tax refunds paid during the month, is recorded in the MTS as excise tax "receipts." This "net" concept for receipts, cumulated for the fiscal year, is the

same as the figure for "total excise tax receipts" in the *Budget*.

Any interest payments and penalties associated with late excise tax payments, failure to file returns or for other reasons are not generally treated as excise tax receipts. The one exception is interest and penalties collected in connection with the annual highway use tax on heavy vehicles.

IRS excise tax "collections" (identical to "gross excise tax receipts" in the MTS context) are reported, by quarter, in Table 17, "Gross Tax Collections," in the "Selected Historical and Other Data" section of this issue of the *Statistics of Income Bulletin* [20]. Collections data are themselves net of refunds accounted for on excise tax returns. For example, a taxpayer may account for the overpayment of prior quarter liabilities through an adjustment on a current return, reducing the amount paid upon filing the return. Only the net amount actually paid with the return is counted as a collection.

Excise tax amounts counted as budget receipts are net of refunds paid, directly to taxpayers out of a general fund account, and refunds taken in certain circumstances as credits against income tax liabilities. Farmers, for example, claim amounts equivalent to the Federal excise tax component of their gasoline purchases for farm use as a credit against income tax liabilities. These refunds (not including any interest that may have been paid in connection with a delayed refund payment) are explicitly acknowledged in the *Budget* and the MTS [21]. The refund amounts listed in the MTS and the *Budget* for particular types of excise taxes are based on an account-

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ing that takes place after the refund checks have been written and the credits claimed. In the annual *Budget*, refunds and credits certified during the year are shown for different groups of excise taxes. The data shown in Figures A and B are net of these refunds.

Amounts associated with individual excise taxes are reported in IRS News Releases entitled *Quarterly Excise Tax Statistics* and BATF Statistical Releases entitled *Alcohol, Tobacco and Firearms Tax Collections* [22]. The single table in the IRS release, titled "Internal Revenue Report of Excise Taxes," contains amounts, with respect to both a quarter and the fiscal year through the end of that quarter. Comparative data are presented for the prior year. "Total excise taxes" reported in that table are actual gross collections from deposits and other payments for the period, for taxes collected by the IRS. Amounts for particular taxes are derived through a "certification" process. This process begins with a tabulation from the BMF and involves correcting errors (such as miscoded entries), adding data from some returns filed late and estimating liabilities, based on deposits recorded in the BMF, for large taxpayers whose returns are missing. After making these adjustments, amounts are certified, rounded in some instances to the nearest \$1,000, \$10,000 or \$100,000. These certified amounts for FY 1992 are listed in Table 2. All of the adjustments made during one quarter are reversed at the beginning of the editing process for the next quarter [23]. During that next processing quarter, the corrections and late returns will have been posted to the BMF, along with actual data from previously missing returns. Thus, the adjustments affect only the timing of amounts transferred to trust funds. Because of the difference in timing between "Total excise taxes" and the data for specific excise taxes, a balancing entry, "Unclassified excise taxes," is used in the IRS table.

Since fiscal year data for specific excise taxes reported by the IRS are based on returns processed during that time period, they are not the same as the amounts reported in the *Budget* for specific excise taxes, even though the gross amount reported for all excise taxes (when combined with gross BATF collections) is the same. What the *Budget* reports for specific excise taxes is derived from IRS and BATF reports made during the fiscal year. Because of the timing difference between the specific amounts and gross collections, a balancing amount, "Undistributed Federal tax deposits and unapplied collections," is included in the Receipts by Source *Budget* table [24]. For example, the \$4,012 million listed in the FY 1994 *Budget* as "actual" FY 1992 taxes on the transportation of persons by air, and dedicated to the Airport and Airway Trust Fund, is the sum of amounts transferred during FY 1992, based on

OTA estimates and IRS certifications. The certifications pertain to processing quarters partly in FY 1991 and partly in FY 1992. The unknowable positive or negative difference between: 1) air ticket taxes actually paid as deposits and other payments during FY 1992; and 2) the transfers made during FY 1992, is a part of "Undistributed Federal tax deposits and unapplied collections," along with similar differences for other taxes.

An indeterminate amount of nonsampling error is present in Table 3. These errors arise during the processing of returns or because taxpayers do not file accurate returns. Form 720, used to report liabilities for all but a few of the excise taxes collected by the IRS, is relatively complex and supported by a number of supplemental forms and schedules. Taxpayers can mistakenly report a liability for a particular tax in the wrong place on the return so that the amount is attributed to the wrong tax. Some taxpayers report a total tax liability with no indication of the specific tax(es) involved. Errors can also be made in transcribing data. Errors are usually corrected during the subsequent processing quarter. The counts displayed in Table 3 come from tabulations made prior to completion of all editing. Results of the editing could change counts of taxpayers slightly.

Summary

This article presents Fiscal Year 1992 data on Federal excise tax liabilities for taxes collected by the Internal Revenue Service; Bureau of Alcohol, Tobacco and Firearms; and U.S. Customs Service. Information is presented for the first time regarding numbers of taxpayers reporting excise tax liabilities, and the distribution of those liabilities by size, with respect to each specific tax. Many excise taxes are found to involve relatively small numbers of taxpayers, and many taxpayers have tax liabilities of \$1,000 or less per quarter. Only six excise taxes involve more than 5,000 taxpayers. Annual use taxes on heavy highway vehicles and annual occupational taxes on alcoholic beverage retailers both involve over 400,000 taxpayers. In terms of numbers of taxpayers, the next most important excise tax is the tax on diesel fuel with about 23,000 taxpayers each quarter.

Seven excise taxes are responsible for over 80 percent of the \$45.6 billion of FY 1992 excise tax receipts. These taxes, such as taxes on distilled spirits, beer, cigarettes and gasoline, are characterized by taxpayers with relatively large (more than \$1 million per quarter) liabilities.

The article also shows how receipts from specific excise taxes are used to fund ten different trust funds. Excise tax receipts, interest payments, and other sources

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of funds for FY 1992 are presented for these ten trust funds. Additionally, data regarding experience with the floor stocks taxes imposed on December 1, 1990, holdings of fuel inventories are presented. Only 57 percent of the nearly 40,000 taxpayers who eventually reported liabilities with respect to these floor stocks taxes, accounting for 65 percent of those liabilities, did so by the required time.

Notes and References

- [1] For information regarding this tax, which despite its name was an excise tax, see Chung, Edward, "Crude Oil Windfall Profit Tax, 1985," *Statistics of Income Bulletin*, Fall 1986, Volume 6, Number 2.
- [2] Historical data are from the Executive Office of the President, Office of Management and Budget, *Budget Baselines, Historical Data and Alternatives for the Future*, January 1993.
- [3] For additional information regarding these trust funds, see U.S. Congress, House of Representatives, Committee on Ways and Means, *Overview of the Federal Tax System*, 1993 edition, June 14, 1993 (103rd Congress, 1st Session, WMCP: 103-17), pp. 136-86.
- [4] A wide variety of "luxury" excise taxes were enacted during World War II and generally repealed in 1965. The excise tax on telephones was originally thought of as a luxury tax when enacted as a wartime measure.
- [5] The Omnibus Budget Reconciliation Act of 1990 increased excise taxes on most fuels by 5 cents per gallon with half (the amount attributable to the deficit reduction tax rate of 2.5 cents-per-gallon) to be retained in the General Fund and the other half transferred to the Highway Trust Fund. The increases applied to the period from December 1, 1990, through September 30, 1995. The Act also increased the tax on aviation fuel by 3.5 cents-per-gallon and dedicated revenues attributable to the period December 1, 1990 through December 31, 1992, to the General Fund and to the Airport and Airway Trust Fund, thereafter. The Intermodal Surface Transportation Efficiency Act of 1991 extended taxes on highway fuels from October 1, 1995, to September 30, 1999, except that the 2.5 cents-per-gallon deficit reduction tax was allowed to expire on September 30, 1995. The Omnibus Budget Reconciliation Act of 1993 extended the deficit reduction tax rate through September 30, 1999, but dedicated the revenue to the Highway Trust Fund, and added a permanent tax of 4.3 cents-per-gallon, effective October 1, 1993, with the revenue to be

retained in the General Fund. The National Recreational Trails Trust Fund is referenced in the Internal Revenue Code, but not listed in Table 1, because appropriations necessary by statute to trigger creation of the Fund have not been made. If appropriations are made, the Fund would have transferred to it out of the Highway Trust Fund amounts equivalent to fuel used in vehicles on recreational trails or back country terrain, in campstoves and other non-engine use in outdoor recreational equipment.

- [6] Noto, Nonna A. and Talley, Louis Alan, *Excise Tax Financing of Federal Trust Funds*, Congressional Research Service, Report No. 93-6 E, January 5, 1993.
- [7] The 5 cents per barrel tax on oil supporting the Oil Spill Liability Trust Fund was suspended effective July 1, 1993, for this reason. The excise taxes supporting the Vaccine Injury Compensation Trust Fund were similarly terminated effective January 1, 1993, but then reenacted, effective August 10, 1993, by the Omnibus Budget Reconciliation Act of 1993.
- [8] For a description of most excise taxes collected by the Internal Revenue Service see the annual Publication 510, e.g., *Excise Taxes for 1993*. For a description of the highway use tax, see Publication 349, *Federal Highway Use Tax on Heavy Vehicles*.
- [9] For a detailed discussion of user fees see Congress of the United States, Congressional Budget Office, *The Growth of Federal User Charges*, August, 1993.
- [10] The term "private person" is used here to include all forms of business organizations, including not-for-profit institutions. In this context a State or local Government is considered a private person as is a Federal entity engaged in an activity typically engaged in by private persons.
- [11] See Boroshok, Sara, "Environmental Excise Taxes, 1991," *Statistics of Income Bulletin*, Summer 1993, Volume 13, Number 1, for detailed information regarding excise taxes on petroleum, chemicals and certain imported substances that support the Hazardous Substance Superfund and Oil Spill Liability Trust Fund.
- [12] More than 95 percent of excise taxes collected by the IRS during FY 1992 were paid through the FTD system; the remainder was remitted with returns or received as subsequent payments (see the monthly IRS Document 7038, *Collections*). Taxpayers using the

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FTD system submit a coupon from Form 8109, *Federal Tax Deposit Coupon Book*, with their payment to a participating bank. The coupon is used to identify the payment as an excise tax deposit (as opposed to an income, payroll or other tax deposit), but does not identify the particular excise tax being paid. Taxpayers using BATF's EFT system direct their bank to transfer electronically amounts from their accounts in that bank to a Federal Government account in a Federal Reserve Bank.

- [13] The Reforestation Trust Fund is supported by import duties on plywood and lumber. The first \$30 million of such duties each year are used for this purpose.
- [14] When budget receipts are dedicated to an expenditure account, no interest is paid on account balances, whereas interest is paid on trust fund balances.
- [15] Amounts actually transferred during a particular month, the aggregate of amounts based on estimates made by the Treasury Department's Office of Tax Analysis and balancing transfers, are recorded in U.S. Department of the Treasury, Financial Management Service, *Monthly Treasury Statement*, Table 4, for the Airport and Airway, Highway and Black Lung trust funds.
- [16] The term taxpayer is used throughout this article to mean the person who remits taxes and files excise tax returns. Others may be taxpayers in the sense of bearing the economic burden of the tax, as, for example, motorists who buy gasoline at a price that includes the tax. How excise tax burdens are distributed between those who remit the taxes and others is beyond the scope of this article.
- [17] The Revenue Reconciliation Act of 1993 changes the collection point for the tax on diesel fuel to make it the same as for gasoline, effective January 1, 1994. This will reduce the number of taxpayers subject to the diesel tax and, along with a requirement that diesel fuel used for nontaxable purposes (e.g., home heating oil) be dyed, is intended to improve compliance.

- [18] The temporary Treasury regulations appear in the *Federal Register*, Volume 55, Number 232, December 3, 1990, p. 49908. The final regulations, which made only minor changes, appear in the *Federal Register*, Volume 56, Number 107, June 4, 1991, p. 25364.
- [19] See Table 4, "Receipts of the U.S. Government," *Monthly Treasury Statement*, each issue.
- [20] For FY 1992, these gross collections are shown in the second line of Figure B. An historical series for IRS excise tax gross collections is provided in *Internal Revenue Service Annual Report, 1992*, Table 4.
- [21] Excise tax refunds reported in Table 5, *Internal Revenue Service Annual Report, 1992*, include interest payments as do the data in Table 18, "Tax Refunds" in the "Selected Historical and Other Data" section of the *Statistics of Income Bulletin*.
- [22] For a time series of the major taxes reported in these two sources, see Table 19, "Classes of Excise Taxes," in the "Selected Historical and Other Data" section of the *Statistics of Income Bulletin*.
- [23] The data editing undertaken to produce certified amounts occasionally results in negative amounts being reported for a particular tax. This can occur if a prior misclassification is corrected in the editing process, or if taxpayers report negative amounts as they use a current quarter's Form 720 to correct mistakes made in a prior quarter. The entry in Table 2 for alcohol fuels is an example of such a negative number.
- [24] See *Budget of the United States Government, Fiscal Year 1994*, pp. 14-15. This entry in the receipts table also includes the proceeds of the 2.5 cents per gallon "deficit reduction" tax on fuels, the portion of the tax on gasoline and diesel fuel retained in the General Fund rather than transferred to the Highway Trust Fund.

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Table 1.--Financing of Excise Tax-Supported Trust Funds

[Money amounts are in thousands of dollars]

Trust fund and agency	Excise tax receipts	Less: excise tax refunds	Plus: interest receipts	Less: transfers to other accounts	Plus: transfers from other accounts	Plus: other	Equals: net receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Trust fund totals.....	24,795,194	567,427	3,272,440	193,888	192,888	1,203,699	28,702,906
Highway Trust Fund, total.....	17,467,261	552,427	1,654,504	193,888	--	12,466 ¹	18,387,915
Highway Account,							
Federal Highway Administration.....	--	--	--	--	--	--	16,572,032
Mass Transit Account,							
Federal Transit Administration.....	--	--	--	--	--	--	1,815,883
Aquatic Resources Trust Fund, total.....	78,607	--	21,850	--	192,888	26,930 ²	320,275
Boat Safety Account,							
Coast Guard.....	--	--	--	--	--	--	70,000 ³
Sport Fish Restoration Fund,							
Fish and Wildlife Service.....	--	--	--	--	--	--	229,494 ³
Coastal Wetlands Restoration Trust Fund,							
Corps of Engineers.....	--	--	--	--	--	--	33,085 ³
Airport and Airway Trust Fund,							
Federal Aviation Administration.....	4,659,983	15,000	1,273,385	--	--	--	5,918,368
Black Lung Disability Trust Fund,							
Employment Standards Administration.....	626,335	--	2,614	--	--	340,329 ⁴	969,278
Harbor Maintenance Trust Fund,							
Corps of Engineers.....	505,827	--	16,502	--	--	8,733 ⁴	531,062
Inland Waterways Trust Fund,							
Corps of Engineers.....	69,866	--	13,755	--	--	--	83,621
Hazardous Substance Superfund,							
Environmental Protection Agency.....	817,462	--	188,696	--	--	185,287 ⁵	1,805,345
						380,000 ⁶	
						233,900 ⁶	
Leaking Underground Storage Tank Trust Fund,							
Environmental Protection Agency.....	156,870	--	31,626	--	--	--	188,496
Oil Spill Liability Trust Fund,							
Coast Guard.....	295,195	--	41,127	--	--	16,054 ⁷	352,376
Vaccine Injury Compensation Trust Fund,							
Health Resources and Service Administration.....	117,788	--	28,381	--	--	--	146,169
Other accounts supported by excise taxes:							
Wildlife Restoration,							
Fish and Wildlife Service.....	165,027	--	--	--	--	--	n.a.
Land and Water Conservation Fund,							
Fish and Wildlife Service.....	--	--	--	--	1,000	--	n.a.
Treasury of Puerto Rico.....	270,810	--	--	--	--	--	n.a.
Treasury of the Virgin Islands.....	2,949	--	--	--	--	--	n.a.

¹ Fines and penalties, highway use tax.

² Import duties on fishing tackle and yachts.

³ Fiscal Year 1992 distribution from Aquatic Resources Trust Fund, above.

⁴ Advances from the General Fund

⁵ Saint Lawrence Seaway tolls.

⁶ Fines and recoveries.

⁷ Tax based on corporation "alternative minimum taxable income".

⁸ Transfers from the General Fund.

⁹ Fines, penalties and recoveries.

n.a. - not applicable.

Source: Budget of the United States Government, Fiscal Year 1994.

Excise Taxes, Fiscal Year 1992

Table 2.- Federal Excise Tax Rates and Amounts by Type of Tax and Disposition of Amounts
 [Money amounts in column 2 are in thousands of dollars]

Excise taxes, as classified by the Internal Revenue Code	Tax rates in effect on January 1, 1992	Amount ¹	Disposition of amounts ²
	(1)	(2)	(3)
Total	---	46,689,841	---
Retail excise taxes, total	---	1,731,287	---
Luxury taxes, total.....	10 percent of price in excess of-	305,133	---
Passenger vehicles.....	\$30,000	276,100	GF
Boats.....	\$100,000	12,205	GF
Aircraft.....	\$250,000	151	GF
Jewelry.....	\$10,000	15,942	GF
Furs.....	\$10,000	735	GF
Special motor fuels.....	\$0.141 per gallon	40,518	H; MT; LUST; GF
Alcohol fuels.....	Various rates per gallon	-564	H; MT; LUST; GF
Gasoline used in noncommercial aviation fuel.....	\$0.01 per gallon ⁴	2,454	AA
Commercial aviation fuel.....	\$0.001 per gallon	11,794	LUST
Gasohol.....	\$0.087 per gallon	399,941	H; MT; LUST; GF
Fuel used commercially on inland waterways.....	\$0.151 per gallon	67,140	IW; LUST
Heavy trucks and trailers.....	12 percent	904,871	H
Manufacturers excise taxes, total	---	20,809,319	---
Gas guzzlers.....	\$1,000 to \$7,700 per vehicle	144,156	GF
Tires.....	\$0.15 to \$0.50 per pound if more than 40 pounds	279,852	H
Gasoline (except gasoline used in gasohol).....	\$0.141 per gallon	14,759,324	H; MT; AA; AR; LUST; GF
Gasoline for use in gasohol.....	\$0.0966 per gallon	297,958	H; MT; LUST; GF
Diesel fuel.....	\$0.201 per gallon	4,071,929	H; MT; LUST; GF
Noncommercial aviation fuel other than gasoline.....	\$0.176 per gallon	131,672	AA; LUST
Diesel fuel for certain intercity buses.....	\$0.031 per gallon	2,505	H; MT; LUST
Diesel fuel for trains.....	\$0.026 per gallon	82,000	LUST; GF
Coal, mined underground.....	Lesser of \$1.10 per ton or 4.4 percent of value	410,600	BLD
Coal, surface mined.....	Lesser of \$0.55 per ton or 4.4 percent of value	220,000	BLD
Certain vaccines ⁵	\$0.29 to \$4.56 per dose	163,701	VIC
Sport fishing equipment.....	10 percent	79,950	AR
Electric outboard motors and sonar devices.....	3 percent	2,121	AR
Bows and arrows.....	11 percent	19,792	WR
Pistols and revolvers ⁶	10 percent	43,393	WR
Other firearms and ammunition ⁶	11 percent	100,366	WR
Facilities and services, total	---	7,951,579	---
Telephone and teletypewriter services.....	3 percent	3,173,000	GF
Transportation of persons by air.....	10 percent	4,173,486	AA
Transportation of property by air.....	6.25 percent	266,590	AA
Use of international travel facilities.....	\$6.00 per person	221,681	AA
Policies issued by foreign insurers ⁷	1 or 4 percent of premium paid	116,822	GF
Wagering, total	---	16,803	---
Certain wagers ⁷	0.25 or 2.0 percent of wager	15,560	GF
Occupational tax.....	\$50 or \$500 per person per year	1,243	GF
Certain other excise taxes, total	---	1,118,889	---
Cargoes entering, or exported from, the United States ⁸	0.125 percent of value	505,827	HM
Transportation by water.....	\$3.00 per passenger	16,895	GF
Use tax on heavy vehicles classified by use and weight.....	\$75 to \$550 per vehicle per year	596,167	H
Environmental taxes, total	---	1,663,500	---
Domestic petroleum.....	\$0.147 per barrel	428,800	HSS;OSL
Imported petroleum.....	\$0.147 per barrel	397,900	HSS;OSL
Chemicals ⁹	\$0.22 to \$4.87 per ton	252,200	HSS
Certain imported substances.....	Various, per ton	16,500	HSS
Ozone-depleting chemicals ⁹	\$0.0205 to \$1.67 per pound	558,200 ¹⁰	GF
Imported taxable products ¹¹	Various	(¹⁰)	GF
Floor stocks of ozone-depleting chemicals ¹¹	\$0.18 to \$0.30 per pound	9,900	GF
Private foundations, total	---	204,780	---
Net investment income.....	2 percent	204,677	GF
Other ¹¹	Various	103	GF
Certain transactions of black lung benefit trusts ¹¹	Various	88	BLD

Footnotes at end of table.

Excise Taxes, Fiscal Year 1992

Table 2.- Federal Excise Tax Rates and Amounts by Type of Tax and Disposition of Amounts—Continued

[Money amounts in column 2 are in thousands of dollars]

Excise taxes, as classified by the Internal Revenue Code	Tax rates in effect on January 1, 1992	Amount ¹	Disposition of amounts ²
	(1)		
Qualified pension and certain other plans, total	---	138,365	---
Failure to meet minimum funding standards ¹¹	5 or 10 percent	14,681	GF
Nondeductible contributions	10 percent	2,829	GF
Excess contributions to individual retirement arrangements	6 percent	6,627	GF
Failure to distribute minimum amounts	50 percent	16,073	GF
Prohibited transactions	5 percent	10,172	GF
Excess contributions to certain plans	10 percent	3,796	GF
Reversion of assets to employer	20 percent	70,874	GF
Other transactions ¹¹	Various	2,120	GF
Penalties ¹¹	Various	11,193	GF
Undistributed income of qualified investment entities, total	---	2,486	---
Real estate investment trusts	4 percent	113	GF
Regulated investment companies	4 percent	2,367	GF
Miscellaneous IRS taxes, including fuel floor stocks taxes	Various	23,440	GF
Alcoholic beverages and related occupations, total	---	8,024,643	---
Distilled spirits, domestic	\$13.50 per proof gallon	3,218,477	GF
Distilled spirits, imported	\$13.50 per proof gallon	671,592	GF; PR; VI ¹³
Wine, domestic ¹⁴	\$0.17 to \$3.40 per gallon	495,410	GF
Wine, imported ¹⁴	\$1.07 to \$3.40 per gallon	120,798	GF
Beer, domestic ¹⁴	\$7 or \$18 per barrel	3,260,410	GF
Beer, imported	\$18 per barrel	142,299	GF
Alcoholic beverage retailers	\$250 per year	100,231	GF
Alcoholic beverage wholesalers	\$500 per year	4,717	GF
Alcoholic beverage producers and other occupations	\$250, \$500 or \$1,000 per year	11,155	---
Tobacco products and related occupations, total	---	5,190,331¹⁵	---
Domestic, total	---	5,110,385	---
Cigars classified by size ¹⁷	Various	56,622	GF
Cigarettes classified by size ¹⁷	\$10 or \$21 per thousand	5,023,888	GF
Cigarette paper and tubes	\$0.0125 per paper or tube	1,088	GF
Chewing tobacco and snuff	\$0.10; \$0.30 per pound	23,447	GF
Pipe tobacco	\$0.5625 per pound	5,340	GF
Imported tobacco products ¹⁷	Various	79,946	GF
Tobacco producers and exporters ¹⁷	\$500 or \$1,000 annually	(18)	GF
Firearms and related occupations, total	---	2,736	---
Importers, manufacturers and dealers ²⁰	500 or \$1,000 annually	1,499	GF
Transferring and making of certain firearms ²⁰	\$5 or \$200 per firearm	1,237	GF

¹ Amounts are tabulated from returns processed during Fiscal Year 1992 and may reflect post-processing adjustments. Amounts do not reflect certain refunds and credits.

² The abbreviations used to designate the trust funds or accounts into which excise tax amounts are deposited are:

- | | |
|---|---|
| AA - Airport and Airway Trust Fund | LUST - Leaking Underground Storage Tank Trust Fund |
| AR - Aquatic Resources Trust Fund | MT - Mass Transit Account in the Highway Trust Fund |
| BLD - Black Lung Disability Trust Fund | OSL - Oil Spill Liability Trust Fund |
| GF - General Fund | PR - Puerto Rico |
| H - Highway Account in the Highway Trust Fund | VI - Virgin Islands |
| HM - Harbor Maintenance Trust Fund | VIC - Vaccine Injury Compensation Trust Fund |
| HSS - Hazardous Substance Superfund | WR - Wildlife Restoration Account |
| IW - Inland Waterways Trust Fund | |

³ Represents totals of two or more specific taxes for which amounts are not separately available.

⁴ This tax is in addition to the regular tax on gasoline of \$0.141 per gallon.

⁵ See footnote 3.

⁶ These taxes are collected by the Bureau of Alcohol, Tobacco and Firearms.

⁷ See footnote 3.

⁸ This tax is collected by the U.S. Customs Service.

⁹ See footnote 3.

¹⁰ Amount for imported taxable products is included in the amount for ozone-depleting chemicals.

¹¹ See footnote 3.

¹² See footnote 6.

¹³ Taxes on all imported rum are transferred to the treasuries of Puerto Rico and the Virgin Islands.

¹⁴ See footnote 3.

¹⁵ Includes occupational taxes on tobacco producers and exporters.

¹⁶ See footnote 6.

¹⁷ See footnote 3.

¹⁸ See footnote 15.

¹⁹ See footnote 6.

²⁰ See footnote 3.

SOURCE: U.S. Department of the Treasury, Internal Revenue Service, Quarterly Excise Statistics, July 27, 1993; Bureau of Alcohol, Tobacco and Firearms, unpublished data.

Table 3.--Excise Taxpayers: Number and Tax Liabilities by Size, for Selected Excise Taxes, Fiscal Year 1992

Excise taxes, as classified by the Internal Revenue Code	Average number of taxpayers per quarter ¹	Number of taxpayers, averaged over four quarters, with quarterly taxes of:									
		\$1,000 or less	\$1,001 to \$5,000	\$5,001 to \$10,000	\$10,001 to \$20,000	\$20,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$1,000,000	\$1,000,001 to \$10,000,000	\$10,000,001 to \$100,000,000	\$100,000,001 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Retail excise taxes											
Luxury taxes:											
Passenger vehicles.....	6,380	2,819	1,843	540	432	415	194	133	4	--	--
Boats.....	234	44	75	37	30	31	13	5	--	--	--
Aircraft.....	41	15	10	6	5	4	**4	--	--	--	--
Jewelry.....	1,100	597	356	78	34	21	8	6	--	--	--
Furs.....	89	38	33	7	7	3	**3	--	--	--	--
Special motor fuels.....	5,257	4,186	817	121	67	33	12	19	**3	--	--
Alcohol fuels.....	88	55	16	6	4	4	3	--	--	--	--
Gasoline used in noncommercial aviation fuel.....	2,837	2,706	118	7	4	4	--	--	--	--	--
Commercial aviation fuel.....	781	700	34	8	10	12	5	13	--	--	--
Gasohol.....	447	216	74	21	17	26	20	50	**23	--	--
Fuel used commercially on inland waterways.....	525	178	144	57	40	43	25	34	5	--	--
Heavy trucks and trailers.....	3,226	376	837	478	369	455	280	405	**27	--	--
Manufacturers excise taxes											
Gas guzzlers.....	98	37	27	8	6	5	5	7	**5	--	--
Tires.....	216	94	38	15	10	16	9	19	11	3	--
Gasoline (except gasoline used in gasohol).....	5,696	2,172	1,904	606	377	264	100	154	79	26	13
Gasoline for use in gasohol.....	228	41	40	15	24	23	18	53	**15	--	--
Diesel fuel.....	22,611	7,800	5,854	2,245	2,008	2,076	1,134	1,385	99	11	--
Noncommercial aviation fuel other than gasoline.....	982	309	317	120	91	58	34	42	**13	--	--
Diesel fuel for certain intercity buses.....	298	171	101	16	5	3	4	--	--	--	--
Diesel fuel for trains.....	953	602	181	50	33	32	19	32	5	--	--
Coal:											
Mined underground (tonnage tax).....	422	50	68	31	33	50	37	139	15	--	--
Mined underground (value tax).....	357	31	55	43	51	76	40	57	4	--	--
Surface mined (tonnage tax).....	862	158	236	118	95	101	60	90	5	--	--
Surface mined (value tax).....	113	46	28	6	5	**7	**	17	6	--	--
Certain vaccines ²	15	5	**3	**	**	**3	**	--	**4	**	--
Sport fishing equipment.....	2,092	1,497	326	93	58	58	26	30	3	--	--
Electric outboard motors and sonar devices.....	36	15	9	**6	**	**4	**	3	--	--	--
Bows and arrows.....	354	198	75	23	21	16	9	13	--	--	--
Pistols and revolvers ³	754	518	93	24	32	29	20	29	9	--	--
Other firearms and ammunition ^{3,4}	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Facilities and services											
Telephone and teletypewriter services.....	3,874	1,039	971	512	455	405	166	254	52	21	--
Transportation of persons by air.....	1,505	348	504	216	175	140	50	51	12	7	4
Transportation of property by air.....	490	191	113	49	48	39	14	28	10	--	--
Use of international travel facilities.....	259	73	24	11	19	35	25	62	11	--	--
Foreign insurance											
Policies issued by foreign insurers.....	1,362	493	296	145	136	153	71	66	3	--	--
Wagering											
Certain wagers ⁵	4,626	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Occupational tax ⁶	11,238	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Certain other excise taxes											
Cargoes entering, or exported from, the United States ⁷	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Transportation by water.....	49	6	**10	**	4	10	7	12	--	--	--
Use tax on heavy vehicles ⁸	432,918	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Footnotes at end of table.

Table 3.—Excise Taxpayers: Number and Tax Liabilities by Size, for Selected Excise Taxes, Fiscal Year 1992—Continued

Excise taxes, as classified by the Internal Revenue Code	Average number of taxpayers per quarter ¹	Number of taxpayers, averaged over four quarters, with quarterly taxes of:									
		\$1,000 or less	\$1,001 to \$5,000	\$5,001 to \$10,000	\$10,001 to \$20,000	\$20,001 to \$50,000	\$50,001 to \$100,000	\$100,001 to \$1,000,000	\$1,000,001 to \$10,000,000	\$10,000,001 to \$100,000,000	\$100,000,001 or more
Environmental taxes											
Domestic petroleum, Superfund.....	127	10	5	4	9	16	14	52	18	--	--
Imported petroleum, Superfund.....	214	42	31	13	12	27	23	49	19	--	--
Domestic petroleum, oil spill.....	121	10	7	7	9	18	14	44	12	--	--
Imported petroleum, oil spill.....	191	39	28	10	18	30	18	39	10	--	--
Chemicals.....	452	172	77	30	37	36	22	59	20	--	--
Certain imported substances.....	138	40	21	10	15	28	9	14	4	--	--
Ozone-depleting chemicals ⁹	695	299	162	64	54	51	21	33	10	4	--
Imported taxable products ⁹	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Floor stocks of ozone-depleting chemicals ¹⁰	1,440	664	431	122	97	68	29	29	--	--	--
Alcoholic beverages and related occupations											
Distilled spirits, domestic ¹¹	140	13	8	5	8	6	4	33	38	25	--
Distilled spirits, imported.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Wine, domestic ¹¹	1,362	919	243	53	26	30	24	49	16	--	--
Wine, imported.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Beer, domestic ¹¹	370	143	120	23	18	9	4	12	14	27	--
Beer, imported.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Alcoholic beverage retailers ¹²	400,922	400,922	--	--	--	--	--	--	--	--	--
Alcoholic beverage wholesalers ¹²	8,342	8,342	--	--	--	--	--	--	--	--	--
Alcoholic beverage producers ¹²	2,109	2,109	--	--	--	--	--	--	--	--	--
Other alcohol occupations ¹²	6,098	6,098	--	--	--	--	--	--	--	--	--
Tobacco products and related occupations											
Domestic products: ¹³											
Cigars ¹⁴	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cigarettes ^{14,15}	104	43	10	5	5	4	4	21	4	3	5
Cigarette paper and tubes.....	4	**4	--	--	--	--	--	**	--	--	--
Chewing tobacco and snuff ¹⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Pipe tobacco ¹⁶	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Imported tobacco products.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tobacco producers and exporters ¹⁷	328	328	--	--	--	--	--	--	--	--	--
Firearms and related occupations											
Importers, manufacturers and dealers ¹⁷	2,800	2,800	--	--	--	--	--	--	--	--	--
Transferring and making of certain firearms.....	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

¹Averages per quarter may not equal the sum of the number in each size class because of rounding. Only taxpayers with positive tax liabilities are counted.

²Data reflect some double counting because they represent the sum of separate taxes on four different vaccines.

³The reported numbers of taxpayers for taxes collected by the Bureau of Alcohol, Tobacco and Firearms are for the fourth quarter of Fiscal Year 1992.

⁴The number of taxpayers for pistols and revolvers includes the number for other firearms and ammunition. Data for other firearms and ammunition are not separately available.

⁵Data shown are averages per month since the tax return used for this tax (Form 730) is filed monthly.

⁶Data represent the actual number of tax returns filed (Form 11C is, in general, filed annually). The number of taxpayers is overstated because Form 11C is also used to file supplemental information.

⁷Tax is collected by the U.S. Customs Service.

⁸Data represent the actual number of returns filed since the tax is annual.

⁹The number of taxpayers for the tax on ozone-depleting chemicals includes the number for the tax on imported taxable products. Data for the tax on imported taxable products are not separately available.

¹⁰Since this tax applies only once a year (to January 1 inventories), the data shown are for all four quarters of Fiscal Year 1992.

¹¹See footnote 3.

¹²See footnote 8.

¹³See footnotes 3.

¹⁴The numbers of taxpayers for the tax on cigarettes includes taxes on cigars, chewing tobacco, snuff and pipes tobacco.

¹⁵See footnote 8.

¹⁶See footnote 14.

¹⁷See footnote 8.

** - Not shown separately to avoid disclosure of information about specific taxpayers. However, data are included in the next smaller size class and in the average per quarter.

n.a. - Not available.