

Fuel Bond

OMB No. 1545-0725
 Expires 3-31-96

(For use to post bond under section 4101)

Check the boxes that apply. This is an original bond strengthening bond superseding bond
 This bond is for: gasoline, diesel fuel, or aviation fuel excise tax.

Enter the effective date of bond issued ►

Part I Bonding

Bond is given by _____ Telephone No. ()

Name

Address

as principal and _____

Name

Address

as surety. As principal and surety, we are obligated to the United States in the amount of _____ dollars (\$ _____). We also jointly and severally obligate our heirs, executors, administrators, successors, and assigns for the payment of this amount.

The bond ensures payment of the tax imposed on fuel under section 4081 or 4091 of the Internal Revenue Code. The conditions of the bond are that the principal and the surety agree that:

1. The principal will not attempt to defraud the United States of any tax under section 4081 or 4091;
2. The principal will file all returns and statements as required by law or regulations;
3. The principal will pay all taxes including any penalty and interest charges; and
4. The principal will comply with all other requirements of the law and regulations regarding tax under section 4081 or 4091.

The surety will be granted relief from liability under the bond at any time, provided the surety notifies the principal and the district director of the Internal Revenue Service in writing at least 60 days before the date on which the surety wants to be relieved of liability. If the notice is given by an agent of the surety, the notice must be accompanied by a power of attorney or a verified statement that a power of attorney is on file with the district director.

If this notice is given, the principal's rights under the bond will end on the date given in the notice, unless the notice is later withdrawn in writing, or unless the principal's rights are supported by other bonds. The surety will be relieved from any liability for acts that occur after the date given in the notice but will remain liable for any unpaid tax and any penalties and interest incurred by the principal before the bond was canceled, unless the principal pays the tax, penalties, and interest.

Part II Signature

Under penalties of perjury, I declare that I have examined this form and any accompanying statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of principal and surety

Signature of principal _____ Name (please type or print) _____ Date _____

Signature of surety _____ Name (please type or print) _____ Date _____

Part III Approval by District Director

Bond approved _____ Date _____ Registration No. _____

District Director: Send copy of approval form to principal shown above.

 District Director

Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 1 hr., 55 min.

Learning about the law or the form 18 min.

Preparing, copying, assembling, and sending the form to the IRS 20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service**, Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget**, Paperwork Reduction Project (1545-0725), Washington, DC 20503. **DO NOT** file this form with either of these offices. See **Where To File** below.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use this form to post bond required under section 4101.

Who Must File

This form must be completed by any person required by the district director to post bond as a condition of registration on **Form 637**, Application for Registration, for purposes of the gasoline, diesel fuel, or aviation fuel excise tax.

Where To File

File Form 928 in duplicate with the district director who required the posting of the bond.

Qualifying Sureties

The surety on the bond must be listed in the Department of the Treasury Circular 570 as an acceptable surety or reinsurer on Federal bonds.

Amount of Bond

Gasoline.—Generally, the amount of bond must equal the smaller of \$1 million or the tax (under section 4081) that the principal is expected to incur during an average month. However, the bond may not be less than \$2,000. If the tax is not an even multiple of \$100, the bond must be increased to the next higher multiple of \$100. In the case of a terminal operator, the bond must be the smaller of \$1 million or the tax (under section 4081) on the expected volume of gasoline that will flow through the terminal operator's equipment or facility during an average month. Any bond required for a terminal operator who does not own any gasoline in the terminal (for hire terminal operator) will not be more than \$500,000.

Gasohol blenders.—Generally, the amount of the bond must be the smaller of \$1 million or the rate of tax (under section 4081(c)(2)) on the separation of gasoline from the gasohol multiplied by the number of gallons of gasoline the blender expects to purchase at the reduced tax rate during an average month. If the tax is not an even multiple of \$100, the bond must be increased to the next higher multiple of \$100.

Diesel and aviation fuel.—Generally, the amount of the bond is the smaller of \$500,000 or the tax (under section 4091) that would be due on the expected volume of fuel (other than heating oil) to be sold during an average month as if all sales were fully taxable. If the tax is not an even multiple of \$100, the bond must be increased to the next higher multiple of \$100.

Who May Sign as Principal

The bond must be signed by: **(1)** the individual, if the applicant is an individual, **(2)** the president, vice president, or other principal officer, if the applicant is a corporation, **(3)** a responsible and authorized member or officer having knowledge of the organization's affairs, if the applicant is a partnership or other unincorporated organization, and **(4)** the fiduciary, if the applicant is a trust or estate.

Period of Bond

The liability stated on the bond is a continuing one. It is not made for any

fixed period of time. If the quarterly liability for excise tax that would be imposed on gasoline, diesel fuel, or aviation fuel is increased or decreased, contact the district director immediately after the quarter to see if a strengthening or superseding bond is necessary. The bond may also have to be changed if there is a substantial change in ownership or management of the business.

Strengthening or Superseding Bond

The district director may require a strengthening or superseding bond if: **(1)** it is necessary to ensure collection of the tax imposed under section 4081, or **(2)** the tax on the volume of gasoline removed or sold in any month is more than 120% of the existing bond if the existing bond is less than \$1 million, or **(3)** the volume of taxable diesel fuel or aviation fuel sold is greater than the volume on which the existing bond is based. See Regulations section 48.4101-2T(h) for more details on strengthening and superseding bonds for the gasoline excise tax.

A "strengthening bond" is an additional bond you give to increase the amount of your existing bond. A "superseding bond" is a new bond that takes the place of an existing bond. If you do not submit a strengthening or superseding bond when required, your registration may be suspended or revoked.

Superseding bond for reduced volume.—If the average monthly volume of gasoline you removed or sold during the most recent 12 consecutive months is less than 80% of the volume used in computing your existing bond, you may request the district director's permission to give a superseding bond. If you are a terminal operator, apply this test to the average monthly volume of gasoline that flowed through the terminal during the most recent 12 consecutive months. If you are a gasohol blender, apply the test to the average monthly gallons of gasoline purchased at the reduced tax rate during the most recent 12 consecutive months.