

Tax on Certain Imported Substances; Filing of Petitions

Announcement 2000-43

This announces the acceptance, under Notice 89-61 (1989-1 C.B. 717), of petitions requesting that nine polyether polyol substances be added to the list of taxable substances in § 4672(a)(3). Publication of this notice is in compliance with Notice 89-61. This is not a determination that the list of taxable substances should be modified. Any modification of the list of taxable substances based upon these petitions would be effective October 1, 1992.

Before a determination is made, consideration will be given to any written and electronic comments that are submitted timely to the IRS. Comments and requests for a public hearing relating to these petitions must be received by May 15, 2000. Send submissions to: CC:DOM:CORP:R (Petition), room 5226, Internal Revenue Service, POB 7604, Ben Franklin Station, Washington, DC 20044. Submissions may be hand delivered Monday through Friday between the hours of 8 a.m. and 5 p.m. to: CC:DOM:CORP:R (Petition), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue NW., Washington, DC. Alternatively, taxpayers may send submissions electronically to the IRS at Sharon.Y.Horn@m1.irs.counsel.treas.gov. All comments will be available for public inspection and copying. A public hearing may be scheduled if requested in writing by a person that timely submits written or electronic comments. If a public hearing is scheduled, notice of the date, time, and place for the hearing will be published in the Federal Register.

The petitions were received on November 21, 1991. The petitioner is Dow Chemical Company, a manufacturer and exporter of these substances. The following is a summary of the information contained in the petitions. The complete petitions are available in the Internal Revenue Service Freedom of Information Reading Room.

The nine polyether polyol substances are liquids. They are produced predominantly by the base-catalyzed reaction of cyclic ethers, usually ethylene oxide and

propylene oxide, with active hydrogen-containing compounds (initiators) such as water, glycols, polyols, and amines. The reaction is carried out by a discontinuous batch process at elevated temperatures and pressures and under an inert atmosphere. The particular substance produced depends upon the oxides, initiators, reaction conditions, and catalysts used. The stoichiometric amounts of oxide reacted on the initiator determine the chain lengths and thus the molecular weights.
HTS number: 3907.20.00

Poly(propylene)glycol

CAS number: 025322-69-4

Poly(propylene)glycol is derived from the taxable chemicals propylene, chlorine, and sodium hydroxide.

The stoichiometric material consumption formula for this substance is: $n+1(\text{C}_3\text{H}_6 \text{ (propylene)} + \text{Cl}_2 \text{ (chlorine)} + 2 \text{ NaOH (sodium hydroxide)}) + \text{H}_2\text{O (water)} \rightarrow \text{C}_3\text{H}_8\text{O}_2(\text{C}_3\text{H}_6\text{O})_n \text{ (poly(propylene)glycol)} + n+1(2 \text{ NaCl (sodium chloride)} + \text{H}_2\text{O (water)})$

According to the petition, taxable chemicals constitute at least 90 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$7.74 per ton. This is based upon a conversion factor for propylene of 0.781, a conversion factor for chlorine of 1.31, and a conversion factor for sodium hydroxide of 1.43.

Poly(propylene/ethylene)glycol

CAS number: 053637-25-5

Poly(propylene/ethylene)glycol is derived from the taxable chemicals propylene, chlorine, sodium hydroxide, and ethylene.

The stoichiometric material consumption formula for this substance is: $n+1(\text{C}_3\text{H}_6 \text{ (propylene)} + \text{Cl}_2 \text{ (chlorine)} + 2 \text{ NaOH (sodium hydroxide)}) + \text{H}_2\text{O (water)} + m/2(2 \text{ C}_2\text{H}_4 \text{ (ethylene)} + \text{O}_2 \text{ (oxygen)}) \rightarrow \text{C}_3\text{H}_8\text{O}_2(\text{C}_3\text{H}_6\text{O})_n(\text{C}_2\text{H}_4\text{O})_m \text{ (poly(propylene/ethylene)glycol)} + n+1(2 \text{ NaCl (sodium chloride)} + \text{H}_2\text{O (water)})$

According to the petition, taxable chemicals constitute at least 90 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$7.16 per ton. This is

based upon a conversion factor for propylene of 0.663, a conversion factor for chlorine of 1.11, a conversion factor for sodium hydroxide of 1.21, and a conversion factor for ethylene of 0.123.

Poly(propyleneoxy)glycerol

CAS number: 025791-96-2

Poly(propyleneoxy)glycerol is derived from the taxable chemicals propylene, chlorine, and sodium hydroxide.

The stoichiometric material consumption formula for this substance is: $\text{C}_3\text{H}_8\text{O}_3 \text{ (glycerine)} + n(\text{C}_3\text{H}_6 \text{ (propylene)} + \text{Cl}_2 \text{ (chlorine)} + 2 \text{ NaOH (sodium hydroxide)}) \rightarrow \text{C}_3\text{H}_8\text{O}_3(\text{C}_3\text{H}_6\text{O})_n \text{ (poly(propyleneoxy)glycerol)} + n(2 \text{ NaCl (sodium chloride)} + \text{H}_2\text{O (water)})$

According to the petition, taxable chemicals constitute at least 85 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$6.38 per ton. This is based upon a conversion factor for propylene of 0.645, a conversion factor for chlorine of 1.08, and a conversion factor for sodium hydroxide of 1.18.

Poly(ethyleneoxy)glycerol

CAS number: 031694-55-0

Poly(ethyleneoxy)glycerol is derived from the taxable chemical ethylene.

The stoichiometric material consumption formula for this substance is: $\text{C}_3\text{H}_8\text{O}_3 \text{ (glycerine)} + m/2(2 \text{ C}_2\text{H}_4 \text{ (ethylene)} + \text{O}_2 \text{ (oxygen)}) \rightarrow \text{C}_3\text{H}_8\text{O}_3(\text{C}_2\text{H}_4\text{O})_m \text{ (poly(ethyleneoxy)glycerol)}$

According to the petition, taxable chemicals constitute more than 50 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$3.31 per ton. This is based upon a conversion factor for ethylene of 0.681.

Poly(propyleneoxy/ethyleneoxy)glycerol

CAS number: 009082-00-2

Poly(propyleneoxy/ethyleneoxy)glycerol is derived from the taxable chemicals propylene, chlorine, sodium hydroxide, and ethylene.

The stoichiometric material consumption formula for this substance is: $\text{C}_3\text{H}_8\text{O}_3 \text{ (glycerine)} + n(\text{C}_3\text{H}_6 \text{ (propylene)} + \text{Cl}_2 \text{ (chlorine)} + 2 \text{ NaOH (sodium hydroxide)})$

+ m/2(2 C₂H₄ (ethylene) + O₂ (oxygen)) → C₃H₈O₃(C₃H₆O)_n(C₂H₄O)_m (poly(propyleneoxy/ethyleneoxy)glycerol) + n(2 NaCl (sodium chloride) + H₂O (water))

According to the petition, taxable chemicals constitute at least 85 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$7.20 per ton. This is based upon a conversion factor for propylene of 0.71, a conversion factor for chlorine of 1.05, a conversion factor for sodium hydroxide of 1.05, and a conversion factor for ethylene of 0.126.

Poly(propyleneoxy)sucrose

CAS number: 009049-71-2

Poly(propyleneoxy)sucrose is derived from the taxable chemicals propylene, chlorine, and sodium hydroxide.

The stoichiometric material consumption formula for this substance is: C₁₂H₂₂O₁₁(sucrose) + n(C₃H₆ (propylene) + Cl₂ (chlorine) + 2 NaOH (sodium hydroxide)) → C₁₂H₂₂O₁₁(C₃H₆O)_n (poly(propyleneoxy)sucrose) + n(2 NaCl (sodium chloride) + H₂O (water))

According to the petition, taxable chemicals constitute at least 65 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$4.18 per ton. This is based upon a conversion factor for propylene of 0.423, a conversion factor for chlorine of 0.707, and a conversion factor for sodium hydroxide of 0.773.

Poly(propyleneoxy/ethyleneoxy)sucrose

CAS number: 026301-10-0

Poly(propyleneoxy/ethyleneoxy)sucrose is derived from the taxable chemicals propylene, chlorine, sodium hydroxide, and ethylene.

The stoichiometric material consumption formula for this substance is: C₁₂H₂₂O₁₁ (sucrose) + n(C₃H₆ (propylene) + Cl₂ (chlorine) + 2 NaOH (sodium hydroxide)) + m/2(2 C₂H₄ (ethylene) + O₂ (oxygen)) → C₁₂H₂₂O₁₁(C₃H₆O)_n(C₂H₄O)_m (poly(propyleneoxy/ethyleneoxy)sucrose) + n(2 NaCl (sodium chloride) + H₂O (water))

According to the petition, taxable chemicals constitute at least 75 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$6.11 per ton. This is based upon a conversion factor for propylene of 0.549, a conversion factor for

chlorine of 0.918, a conversion factor for sodium hydroxide of 1.0, and a conversion factor for ethylene of 0.14.

Poly(propyleneoxy/ethyleneoxy)diamine

CAS number: 031568-06-6

Poly(propyleneoxy/ethyleneoxy)diamine is derived from the taxable chemicals propylene, chlorine, and sodium hydroxide.

The stoichiometric material consumption formula for this substance is: C₄H₁₂N₂O (aminoethylethanolamine) + n(C₃H₆ (propylene) + Cl₂ (chlorine) + 2 NaOH (sodium hydroxide)) → C₄H₁₂N₂O(C₃H₆O)_n (poly(propyleneoxy/ethyleneoxy)diamine) + n(2 NaCl (sodium chloride) + H₂O (water))

According to the petition, taxable chemicals constitute at least 60 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$4.92 per ton. This is based upon a conversion factor for propylene of 0.498, a conversion factor for chlorine of 0.833, and a conversion factor for sodium hydroxide of 0.91.

Poly(propyleneoxy/ethyleneoxy)benzenediamine

CAS number: 067800-94-6

Poly(propyleneoxy/ethyleneoxy)benzenediamine is derived from the taxable chemicals propylene, chlorine, sodium hydroxide, and ethylene.

The stoichiometric material consumption formula for this substance is: C₇H₁₀N₂ (ortho-toluenediamine) + n(C₃H₆ (propylene) + Cl₂ (chlorine) + 2 NaOH (sodium hydroxide)) + m/2(2 C₂H₄ (ethylene) + O₂ (oxygen)) → C₇H₁₀N₂(C₃H₆O)_n(C₂H₄O)_m (poly(propyleneoxy/ethyleneoxy)benzenediamine) + n(2 NaCl (sodium chloride) + H₂O (water))

According to the petition, taxable chemicals constitute at least 60 percent by weight of the materials used to produce this substance. The rate of tax for this substance would be \$5.25 per ton. This is based upon a conversion factor for propylene of 0.491, a conversion factor for chlorine of 0.821, a conversion factor for sodium hydroxide of 0.897, and a conversion factor for ethylene of 0.081.

The principal author of this announcement is Ruth Hoffman, Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this announcement contact Ruth

Hoffman on (202) 622-3130 (not a toll-free number).
