

Tax on Certain Imported Substances; Notice of Determinations

Notice 2000-54

This notice announces determinations, under Notice 89-61 (1989-1 C.B. 717), that the list of taxable substances in § 4672(a)(3) will be modified to include nine polyether polyol substances. This modification is effective October 1, 1992.

Background

Under § 4672(a), an importer or exporter of any substance may request that the Secretary determine whether that substance should be listed as a taxable substance. The Secretary shall add the substance to the list of taxable substances in § 4672(a)(3) if the Secretary determines that taxable chemicals constitute more than 50 percent of the weight, or more than 50 percent of the value, of the materials used to produce the substance. This determination is to be made on the basis of the predominant method of production. Notice 89-61 sets forth the rules relating to the determination process.

Determinations

On July 14, 2000, the Secretary determined that nine polyether polyol substances should be added to the list of taxable substances in § 4672(a)(3), effective October 1, 1992.

The rate of tax prescribed for poly(propylene)glycol, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(propylene/ethylene)glycol, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(propyleneoxy)glycerol, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(ethyleneoxy)glycerol, under § 4671(b)(3), is \$3.31 per ton. This is based upon a conversion factor for ethylene of 0.681.

The rate of tax prescribed for poly(propyleneoxy/ethyleneoxy)glycerol, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(propyleneoxy)sucrose, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(propyleneoxy/ethyleneoxy)sucrose, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(propyleneoxy/ethyleneoxy)diamine, under § 4671(b)(3), is \$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.

The rate of tax prescribed for poly(propyleneoxy/ethyleneoxy)benzenediamine, under § 4671(b)(3), is \$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 petitioner is Dow Chemical Company, a manufacturer and exporter of these substances. No material comments were received on this petition. The following information is the basis for the determinations.

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-contain-

ing 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. The HTS number for these substances is 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: $n+1(C_3H_6 \text{ (propylene)} + Cl_2 \text{ (chlorine)} + 2 NaOH \text{ (sodium hydroxide)}) + H_2O \text{ (water)} \rightarrow C_3H_8O_2(C_3H_6O)_n \text{ (poly(propylene)glycol)} + n+1(2 NaCl \text{ (sodium chloride)} + H_2O \text{ (water)})$

Poly(propylene)glycol has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 90 percent by weight of the materials used in its production.

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: $n+1(C_3H_6 \text{ (propylene)} + Cl_2 \text{ (chlorine)} + 2 NaOH \text{ (sodium hydroxide)}) + H_2O \text{ (water)} + m/2(2 C_2H_4 \text{ (ethylene)} + O_2 \text{ (oxygen)}) \rightarrow C_3H_8O_2(C_3H_6O)_n(C_2H_4O)_m \text{ (poly(propylene/ethylene)glycol)} + n+1(2 NaCl \text{ (sodium chloride)} + H_2O \text{ (water)})$

Poly(propylene/ethylene)glycol has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 90 percent by weight of the materials used in its production.

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: $C_3H_8O_3$ (glycerine) + $n(C_3H_6)$ (propylene) + Cl_2 (chlorine) + $2 NaOH$ (sodium hydroxide)) $\rightarrow C_3H_8O_3(C_3H_6O)_n$ (poly(propyleneoxy)glycerol) + $n(2 NaCl)$ (sodium chloride) + H_2O (water))

Poly(propyleneoxy)glycerol has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 85 percent by weight of the materials used in its production.

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: $C_3H_8O_3$ (glycerine) + $m/2(2 C_2H_4)$ (ethylene) + O_2 (oxygen)) $\rightarrow C_3H_8O_3(C_2H_4O)_m$ (poly(ethyleneoxy)glycerol)

Poly(ethyleneoxy)glycerol has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute more than 50 percent by weight of the materials used in its production.

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: $C_3H_8O_3$ (glycerine) + $n(C_3H_6)$ (propylene) + Cl_2 (chlorine) + $2 NaOH$ (sodium hydroxide)) + $m/2(2 C_2H_4)$ (ethylene) + O_2 (oxygen)) $\rightarrow C_3H_8O_3(C_3H_6O)_n(C_2H_4O)_m$ (poly(propyleneoxy/ethyleneoxy)glycerol) + $n(2 NaCl)$ (sodium chloride) + H_2O (water))

Poly(propyleneoxy/ethyleneoxy)glycerol has been determined to be a taxable substance because a review of its stoichiometric material consumption formula

shows that, based on the predominant method of production, taxable chemicals constitute at least 85 percent by weight of the materials used in its production.

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: $C_{12}H_{22}O_{11}$ (sucrose) + $n(C_3H_6)$ (propylene) + Cl_2 (chlorine) + $2 NaOH$ (sodium hydroxide)) $\rightarrow C_{12}H_{22}O_{11}(C_3H_6O)_n$ (poly(propyleneoxy)sucrose) + $n(2 NaCl)$ (sodium chloride) + H_2O (water))

Poly(propyleneoxy)sucrose has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 65 percent by weight of the materials used in its production.

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: $C_{12}H_{22}O_{11}$ (sucrose) + $n(C_3H_6)$ (propylene) + Cl_2 (chlorine) + $2 NaOH$ (sodium hydroxide)) + $m/2(2 C_2H_4)$ (ethylene) + O_2 (oxygen)) $\rightarrow C_{12}H_{22}O_{11}(C_3H_6O)_n(C_2H_4O)_m$ (poly(propyleneoxy/ethyleneoxy)sucrose) + $n(2 NaCl)$ (sodium chloride) + H_2O (water))

Poly(propyleneoxy/ethyleneoxy) sucrose has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 75 percent by weight of the materials used in its production.

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:

$C_4H_{12}N_2O$ (aminoethylethanolamine) + $n(C_3H_6)$ (propylene) + Cl_2 (chlorine) + $2 NaOH$ (sodium hydroxide)) $\rightarrow C_4H_{12}N_2O(C_3H_6O)_n$ (poly(propyleneoxy/ethyleneoxy)diamine) + $n(2 NaCl)$ (sodium chloride) + H_2O (water))

Poly(propyleneoxy/ethyleneoxy) diamine has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 60 percent by weight of the materials used in its production.

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:

$C_7H_{10}N_2$ (ortho-toluenediamine) + $n(C_3H_6)$ (propylene) + Cl_2 (chlorine) + $2 NaOH$ (sodium hydroxide)) + $m/2(2 C_2H_4)$ (ethylene) + O_2 (oxygen)) $\rightarrow C_7H_{10}N_2(C_3H_6O)_n(C_2H_4O)_m$ (poly(propyleneoxy/ethyleneoxy)benzenediamine) + $n(2 NaCl)$ (sodium chloride) + H_2O (water))

Poly(propyleneoxy/ethyleneoxy)benzenediamine has been determined to be a taxable substance because a review of its stoichiometric material consumption formula shows that, based on the predominant method of production, taxable chemicals constitute at least 60 percent by weight of the materials used in its production.

The principal author of this notice is Ruth Hoffman, Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Ruth Hoffman at (202) 622-3130 (not a toll-free number).