



## Superfund Excise Tax Effective July 1, 2022

### *Frequently Asked Questions*

#### **What is the Superfund Excise Tax?**

The [Infrastructure Investment and Jobs Act \(Infrastructure Bill\)](#) signed into U.S. federal law on November 15, 2021, reinstates and modifies the Superfund Excise Tax as part of the environmental remediation portion of the bill. The Superfund Excise Tax on chemicals was originally enacted in 1980 as part of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), and it expired in 1995. The tax will be imposed on the following chemicals and substances, effective July 1, 2022, through December 31, 2031:

1. A list of 42 taxable chemicals and metal compounds manufactured in, or imported into, the United States ([IRC section 4661](#)). The tax on chemicals is imposed on the listed taxable chemicals upon sale or use by the manufacturer or importer of the listed taxable chemicals, or the person who sells or uses a previously non-taxed chemical. The tax ranges from \$0.48–\$9.74 per ton, depending on the chemical.
2. A list of 151 imported taxable substances ([IRC section 4672](#) and [IRS Notice 2021-66](#)). The tax on substances is imposed on the listed taxable substances upon import of the substances. The listed taxable substances are comprised of at least 20% of a listed taxable chemical. The tax rate is based on the amount of a taxable chemical contained within a substance, or 10% of the total value of the substance upon import.

#### **Why is this tax being levied?**

According to [Deloitte](#), “The intent of the Superfund Excise Taxes is to target the chemicals primarily found in hazardous waste sites and to tax the chemicals at the earliest point possible in the process. Accordingly, the chemicals are taxed upon the first sale or use after import or manufacture in the United States, and the importer or manufacturer is liable for the excise tax, which it may pass along to its customers.”

#### **Where can I access the tax table?**

[Click here](#) for M. Holland’s table of fees that will be invoiced based on applicable tax rates for the materials we distribute. **Important note:** Tax recovery charges by suppliers may vary for the same products. There are still some charges for substances that



haven't been clarified by the IRS even at this late date. In order to implement this change by July 1, we simplified the approach and listed only those materials we are sure about for ease of implementation. Our list of fees may be expanded when we receive more guidance from the IRS or our suppliers.

**Why is the cost of this tax being passed on to me?**

The tax is a new and additional cost of doing business. M. Holland is being charged for the tax by its suppliers for the specified materials, and we need to recover these costs by charging a fee. It will be charged as a separate line item on invoices starting July 1.

**Can you tell me the exact amount of the tax before I issue a purchase order?**

The exact amount is easily calculated. The actual pounds shipped multiplied by the rate for the products purchased (see [fee table](#)) will be invoiced.