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Section 4611(b) excise tax on domestic crude oil exports violates Export Clause (federal district court)

A federal district court this week issued its final judgment in a case in which a taxpayer challenged the excise tax imposed under section 4611(b) on domestic crude oil exports as violating the Export Clause of the U.S. Constitution. The court agreed with the taxpayer, and granted the taxpayer's claim for a refund of the excise tax.

The case is: *Trafigura Trading LLC v. United States*, 4:19-cv-00170 (S.D. Tex. January 7, 2021). Read the [final judgment](#) [PDF 120 KB]

The taxpayer, from 2014 to 2017, paid over \$4.2 million in taxes under section 4611(b) (an excise tax imposed on certain exports of domestic crude oil). The taxpayer filed a claim for refund, asserting that the tax violates the Export Clause. The IRS denied the refund claim, and the taxpayer initiated a refund judicial suit. In September 2020, the federal district court issued its [decision](#) [PDF 1 MB] finding that the section 4611(b) tax violated the Export Clause. The final judgment this week grants the taxpayer's claim for refund.

For more information, contact a tax professional with KPMG's Excise Tax Practice group:

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