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Internal Revenue Code Section 4121

Imposition of tax

(a) Tax imposed.

(1) In general.

There is hereby imposed on coal from mines located in the United States sold by the producer, a tax equal to the rate per ton determined under subsection (b).

(2) Limitation on tax.

The amount of the tax imposed by paragraph (1) with respect to a ton of coal shall not exceed the applicable percentage (determined under subsection (b)) of the price at which such ton of coal is sold by the producer.

(b) Determination of rates and limitation on tax.

For purposes of subsection (a)-

(1) the rate of tax on coal from underground mines shall be \$1.10,

(2) the rate of tax on coal from surface mines shall be \$.55, and

(3) the applicable percentage shall be 4.4 percent.

(c) Tax not to apply to lignite.

The tax imposed by subsection (a) shall not apply in the case of lignite.

(d) Definitions.

For purposes of this subchapter-

(1) Coal from surface mines.

Coal shall be treated as produced from a surface mine if all of the geological matter above the coal being mined is removed before the coal is extracted from the earth. Coal extracted by auger shall be treated as coal from a surface mine.

(2) Coal from underground mines.

Coal shall be treated as produced from an underground mine if it is not produced from a surface mine.

(3) United States.

The term "United States" has the meaning given to it by paragraph (1) of section 638.

(4) Ton.

The term "ton" means 2,000 pounds.

(e) Reduction in amount of tax.

(1) In general.

Effective with respect to sales after the temporary increase termination date, subsection

(b) shall be applied-

(A) by substituting "\$.50" for "\$1.10",

(B) by substituting "\$.25" for "\$.55", and

(C) by substituting "2 percent" for "4.4 percent".

(2) Temporary increase termination date.

For purposes of paragraph (1), the temporary increase termination date is the earlier of-

(A) December 31, 2021, or

(B) the first December 31 after 2007 as of which there is-

(i) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

(ii) no unpaid interest on such advances.