Form

Department of the Treasury
Internal Revenue Service

Computation of Credit for Federal Tax on Gasoline, Special Fuels, and Lubricating Oil

Attach this form to your income tax return.

Name (as shown on your income tax return) | Identifying number

Part I

Type of Use	Gasoline, Diesel Fuel and Special Motor Fuels: Number of Gallons Used (A)	Rate of Tax (B)	Column (A) Multiplied by Column (B) (C)	Lubricating Oil: Number of Gallons Used (D)	Rate of Tax (E)	Column (D) Multiplied by Column (E) (F)
1 Nonhighway:						
a. Farm (for farming purposes)		.02 *	$			
		.04			.06	$
b. Motorboat		.02			.06	
c. Other (specify)		.02 *				
		.04			.06	
2 Local transit system. (See instruction D.3.)		.02				
3 Aircraft					.06	
4 Totals			$			$

Part II

Type of Use	Aviation Fuels: Fuels Other Than Gasoline (Example, Jet Fuel) Number of Gallons Used (A)	Gasoline Number of Gallons Used (B)	Rate of Tax (C)	Column (A) or (B) Multiplied by Column (C) (D)
5 a. Farm (for farming purposes)			.07	$
			.04 *	
			.07	
b. Aviation (only applicable to commercial use as defined in instruction E.4.(d))			.04 *	
			.07	
			.07	
6 Total				$
7 Total income tax credit claimed (sum of line 4, columns (C) and (F) and line 6, column (D))				$

* Tax Rate (per gallon used)

Type of Use	Gasoline (Nonaviation use)	Diesel Fuel and Special Motor Fuel	Aviation Fuel Gasoline
Farm (farming purposes)	4¢	2¢ or 4¢ whatever paid	4¢ or 7¢ whatever paid
Other	2¢	2¢ or 4¢ whatever paid	
Aviation (only applicable to commercial use as defined in instruction E.4.(d))			4¢ or 7¢ whatever paid

Instructions

(Section references are to the Internal Revenue Code unless otherwise specified)

A. Who May File.—Any Individual, estate, trust, or corporation which claims credit for Federal excise tax on the gallons used of gasoline, special fuels, and lubricating oil must file this form and attach it to the income tax return.

A partnership need not file this form because the partners claim the credit for Federal excise tax on gasoline, special fuels, and lubricating oil used. However, a partnership must attach a statement to its return, Form 1065. The statement should show the allocation among the partners of the gallons used of gasoline, special fuels, and lubricating oil. The statement should also be subdivided according to types of use, as shown in the form above.

B. Quarterly Tax Refund of $1,000 or More.— If the credit is at least $1,000 for any fuel category or lubricating oil in any of the first three quarters of your taxable year, you may file a refund claim, Form 843, for tax during the quarter on: (a) gasoline used (except, on a farm for farming purposes), (b) lubricating oil used, or (c) special fuels used (except on farm for farming purposes). However, you must file the claim for for any quarter before the end of the next quarter. The claim for gasoline, special fuels, and lubricating oil should provide separate computations. You may use this form for your computation and attach it to your Form 843.

C. What Lubricating Oil to Include.—You may claim an income tax credit for lubricating oil (other than cutting oils and used oil) that is not used in a highway motor vehicle. Cutting oils are oils sold for use on metals in cutting and machining operators, such as forging, drawing, rolling, shearing, punching, and stamping. Uses of lubricating oil, other than in a highway motor

(Continued on back)

Instructions *(Continued)*

vehicle, include the oiling of plant machinery and the lubricating of vehicles, other than highway motor vehicles, such as aircraft, bulldozers, power shovels, or farm tractors.

Do not include oil (a) used in a highway motor vehicle, such as a truck, even if it is operated off the highway, (b) sold free of the Federal excise tax on lubricating oil, such as transformer or insulating oil, certain motor fuel additives, crude neat's-foot oil, castor oil, or oils purchased excise-tax free by use of an exemption certificate, or (c) for which you have claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

D. What Gasoline to Include.

1. Farm Use.—You may claim an income tax credit for Federal excise tax on gasoline used for farming purposes on a farm that is a trade or business located in the United States.

The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farm; plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agricultural or horticultural commodities; and orchards.

Gasoline is considered used for farming purposes only if the farm's owner, tenant, or operator uses it in connection with—

(a) cultivating the soil, or raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training and management of livestock, bees, poultry, fur-bearing animals and wildlife. If a person other than the owner, tenant, or operator of the farm (for example, a custom operator) uses the gasoline, the owner, tenant, or operator is treated as the user and ultimate purchaser of the gasoline;

(b) handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state, if, during the period for which the claim is filed, the owner, tenant, or operator produced more than half the commodity treated;

(c) planting, cultivating, caring for, or cutting trees, or preparing (other than milling) trees for market, incidental to farming operations; or

(d) operating, managing, conserving, improving, or maintaining the farm and its tools and equipment.

Do not include gasoline used (1) off the farm, such as on the highway to transport livestock, feed, crops, or equipment; (2) in processing, packaging, freezing, or canning operations; (3) for personal or other nonfarming purposes; or (4) on the farm of another person, even though used for farming purposes.

Often a vehicle will be used both on the farm for farming purposes and for nonfarming purposes. In such a case, give a breakdown of the total gallons used, that is, show the gallons used on the farm for farming purposes and the gallons used for non-farming purposes.

2. Nonhighway Uses.—Gasoline is regarded as having been used for a nonhighway purpose if used otherwise than as fuel in a highway vehicle which, (1) when used is registered or required to be registered for highway use under the laws of any State, the District of Columbia, or a foreign country, or (2) is a highway vehicle owned by the United States, and used on the highway.

Do not include gasoline used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

3. Local Transit Systems.—Include gasoline used during any calendar quarter in vehicles while engaged in furnishing scheduled common carrier public passenger land transportation service along regular routes. The ultimate purchaser of the gasoline may claim a credit of 2 cents for each gallon of gasoline used this way. Enter on line 2, column A, for "Number of Gallons Used" the result of multiplying—

(a) the number of gallons used in connection with the total passenger fare revenue from scheduled service during the quarter, by

(b) the percentage the ultimate purchaser's commuter fare revenue was to the total passenger fare revenue, both kinds of revenue being from scheduled service during the quarter. (Note—To justify a claim for credit this percentage must be at least 60 percent.)

Commuter fare revenue consists of income received for transporting persons and received (a) in amounts each not exceeding 60 cents; (b) for commuters' or season tickets for single trips of less than 30 miles; or (c) for commuters' tickets valid up to one month.

When claiming refund or credit, local transit systems must attach a statement with the information required under section 6421 and its Regulations.

Do not include gasoline used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

E. What Special Fuels to Include.

1. Farm Use.—You may claim an income tax credit for Federal excise tax imposed on fuels defined in paragraphs 4(a), (b), and (c), and which are used on a farm for farming purposes by the owner, tenant, or operator of the farm within the meaning of Instruction D.1.

2. Local Transit Systems.—This applies to fuels defined in paragraphs 4(a) and (b), and which the purchaser uses during any calendar quarter in vehicles in furnishing scheduled common carrier public passenger land transportation service along regular routes. (See Instruction D.3., above, to figure the "Number of Gallons Used.")

Do not Include special fuels used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

3. Nontaxable Uses.—This relates to fuels defined in paragraphs 4(a), (b), and (c), and which you either use for a purpose taxable at a lower rate than the purpose for which it was sold, use for a nontaxable purpose, or resell. You may claim a credit for the tax on the fuel sold to you, but if you used the fuel you must reduce the credit claimed by the tax, imposed by section 4041, applicable to the actual use.

Do not include special fuels used for which you claimed a refund on a Form 843 filed on time for any of the first three quarters of your taxable year. (See Instruction B.)

4. Definitions.

(a) Diesel Fuel.—Any liquid other than any product taxable as gasoline under section 4081, that is:

(i) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle, for use as fuel in the vehicle; or

(ii) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under (i) above.

(b) Special Motor Fuels.—These fuels are benzol, benzene, naphtha, liquefied petroleum gas, casinghead and natural gasoline, or any other liquid (except kerosene, gas oil, fuel oil, or any product taxable under section 4081 or described as taxable in paragraph 4(a) above). That is the fuel must be:

(i) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat, for use as fuel in the motor vehicle or motorboat; or

(ii) used by any person as a fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under (i) above.

(c) Noncommercial Aviation Fuel.—Any liquid (such as, jet fuel) not taxable under section 4081, and taxed at 7 cents a gallon; and gasoline taxable under section 4081 and taxed at 3 cents a gallon. That is, the liquid or gasoline must be:

(i) sold by any person to an owner, lessee, or other operator of an aircraft, for use as fuel in the aircraft for other than commercial aviation; or

(ii) used by any person as a fuel in an aircraft in other than commercial aviation, unless there was a taxable sale of such liquid under (i) above.

(d) Commercial Aviation.—Commercial aviation is use of an aircraft in a business of transporting by air persons or property for compensation or hire and requires the reporting of excise tax from such business on Form 720, Quarterly Federal Excise Tax Return. The use of an aircraft would be exempt from filing Form 720 and not considered commercial aviation if the aircraft (a) has a maximum certified takeoff weight of 6,000 pounds or less and is not operated on an established line, or (b) is owned or leased by a member of an affiliated group, and is not available for hire to nonmembers.

F. What Fuels Not to Include.—Gasoline lost or destroyed through spillage, accident, shrinkage, etc., is not considered to be used and does not qualify for a credit or refund.

G. Additional Information.—Internal Revenue Service Publications 225, Farmer's Tax Guide, and 378, Federal Fuel Tax Credit or Refund for Nonhighway and Transit Users, are available free at your Internal Revenue Service office.

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