

INTERIM IRM PROCEDURAL UPDATE

DATE: 01/31/2011

NUMBER: SBSE-20-0111-0249

SUBJECT: Special Interest rules for IRC 6426 and 6427 for 2010

AFFECTED IRM(s)/SUBSECTION(s): 20.2.10

CHANGE(s):

IRM 20.2.10.3.3 Clarifies which credits qualify for credit interest if not refunded by IRS in a timely manner.

1. **Ultimate Vendor Claims.** Claims by registered ultimate vendors of undyed diesel fuel and undyed kerosene (Form 720, *Schedule C*; Form 8849, *Schedule 3*) are paid with interest if the refund is not issued within 45 days of receipt (20 days for electronic claims). Interest accrues from the claim received date to the refund schedule date. See IRC 6427(i)(4)(A).

2. **Alcohol, Biodiesel, or Alternative Fuel and Mixture Claims as determined in IRC 6427(e)(1) and IRC 6427(e)(2).** Claims for alcohol, biodiesel or alternative fuel, alcohol fuel mixture credit, biodiesel mixture credit or the alternative fuel mixture credits (Form 720, *Schedule C*; Form 8849, *Schedule 3*) follow the same rules as claims by registered ultimate vendors described in (1) above and in accordance with the chart shown below. See IRC 6427(i)(3)(B).

If the claim is:	Then:
allowed.	Issue a manual refund without interest no later than the 42nd day (15th day for electronic claims) after the claim received date.
allowed but not timely processed within 45 days (20 days for electronic claims).	Interest must be paid from the claim received date to the refund schedule date. (less the appropriate back-off period).

IRM 20.2.10.3.3.1 Section added to clarify special rules for 2010 as outlined in the Tax Relief , Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Pub. L. 111-312), sections 701(c) and 704(c).

1. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Pub. L. 111-312) provides for a one-time claim for payment on a taxpayer's calendar year 2010 sales or use of biodiesel mixtures, alternative fuels, and alternative fuel mixtures.

- Section 701(c) of the above Act, provides for a credit for Biodiesel and Renewable Diesel used as fuel as well as Biodiesel and Renewable Diesel Fuel Mixtures as determined under IRC 6426(c).
- Section 704(c) of the above Act, provides for a credit for Alternative Fuel and Alternative Fuel Mixtures as determined under IRC 6426(d) or IRC 6426(e).

2. All claims must be submitted in accordance with IRB 2011-10 (Notice 2011-10) which states in part:

- Claims must be filed between February 2, 2011 and August 1, 2011. Claims may be filed as early as January 14, 2011, but will be deemed as filed on February 2, 2011.
- If these claims are not paid by IRS within 60 days of the filing of the claim or February 2, 2011, whichever is later, interest will be paid from the filing date of the claim or February 2, 2011, whichever is later. Interest will be paid in accordance with IRC 6621 overpayment rates.

This special rule applies to the above types of fuel sold or used after December 31, 2009.

For a more detailed explanation and further instructions please see IRM 21.7.8.4.5.4, Form 8849, Schedule 3, Certain Fuel Mixtures and the Alternative Fuel Credit.

IRM 20.2.10.3.6 The text Form 8849 and Ultimate Purchaser was added to the title and Paragraph (3) was added to provide information on the credit transfer date to use when a claim amount is offset to a balance due.

3. If the claim amount needs to be offset for a balance due on another module, the credit transfer date will be the received date of the claim.

IRM 20.2.10.1.1 Updated IRM title referenced in Paragraph (5) of the section.

1. Refer to IRM 4.25.2, *Estate and Gift Tax, Campus Procedures for Estate Tax*, for more information.