

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

1978

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)

Social security or employer identification number

Part I Type of Use	Gasoline, Diesel Fuel and Special Motor Fuels			Lubricating Oil		
	Number of Gallons Used (A)	Rate of Tax (B)	Multiply Column (A) by Column (B) (C)	Number of Gallons Used (D)	Rate of Tax (E)	Multiply Column (D) by Column (E) (F)
1 Nonhighway:						
a. Farm (for farming purposes)02	\$	.....	.06	\$
04				
b. Motorboat02	.....	.....	.06	.....
c. Other (specify)02	.....	.....	.06	.....
04				
2 Local transit system. (See instruction E.3.)02	.....	.....	.06	.....
3 Aircraft06	.....
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)	Multiply Column (A) or (B) by Column (C) (D)
5 a. Farm (for farming purposes)07	\$
04	
07	*
04	
b. Aviation (applies only to commercial use as defined in instruction F.3.(b))07	*
07	
6 Total	\$
7 Total income tax credit claimed (Add line 4, columns (C) and (F) and line 6, column (D).) (See instruction C.)	\$

* 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¢ whichever paid	4¢ or 7¢ whichever paid
Other	2¢	2¢ or 4¢ whichever paid	.....
Aviation (applies only to commercial use as defined in instruction F.3.(b))	.....	.....	4¢ or 7¢ whichever 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 may not file this form because the partners claim the credit. 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. Form 843 for Quarterly Tax Refund.—You may file a refund claim in any of the first three quarters of your tax

year. The credit claimed must be at least \$1,000 a quarter for any fuel category or lubricating oil. Use Form 843, Claim, for filing and file for any quarter before the end of the next quarter. You should show separate computations for a claim on gasoline, special fuels, and lubricating oil. Do not include in your figures gasoline or special fuels that were used on a farm for farming purposes. You may use this form as a worksheet to show your computations and attach it to your Form 843.

Do not include credit claimed on Form 843 filed for any of the first three quarters of your tax year on Form 4136.

C. Year to Include in Gross Income the Credit Resulting from Business Use of Fuel or Oil.—You must include the credit or refund in your gross income to the extent your deduction for the tax paid resulted in a reduction of your income tax. The year you must include it depends on

whether you use the cash or the accrual method of accounting.

If you use the cash method to compute your income, you should include the amount of the credit in your gross income for the tax year in which you file the income tax return claiming the credit. If you file an amended return or claim for credit or refund claiming the credit for the tax, you should include the refund resulting from the credit in your gross income for the tax year you receive it.

If you use the accrual method to compute your income, you must compute the amount of the credit or refund due at the close of your tax year and include it in income, even if you have not filed a claim for refund.

D. What Lubricating Oil to Include.—You may claim an income tax credit for lubricating oil that is not used in a high-

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way motor vehicle. This use of lubricating oil includes the oiling of plant machinery and the lubricating of vehicles, such as aircraft, bulldozers, power shovels, or farm tractors. No credit is available for cutting oils or used oil. Cutting oil is oil sold for use on metals in cutting and machining operations.

Do not include oil: (a) Used in a highway motor vehicle, such as a truck, even if it is operated off the highway, and (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.

E. What Gasoline to Include.—

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

Farm includes: (a) A stock, dairy, poultry, fruit, fur-bearing animal, and truck farm; (b) Plantations, ranches, nurseries, ranges, greenhouses, or other similar structures used primarily for the raising of agricultural or horticultural commodities; and (c) 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, raising or harvesting any horticultural or agricultural commodity that includes the raising, shearing, feeding, caring for, training and managing 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 horticultural or agricultural 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: (a) Off the farm to transport livestock, feed, crops, or equipment, (b) In processing, packaging, freezing, or canning operations, (c) For personal or other nonfarming purposes, or (d) 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 this case, show the gallons used on the farm for farming purposes and the gallons used for nonfarming purposes.

2. Nonhighway Uses.—Gasoline is regarded as having been used for a nonhighway purpose if it is not used in a highway vehicle which: (a) When used is registered or is required to be registered for highway use under the laws of any State, the District of Columbia, or a foreign country, or (b) Is a highway vehicle owned by the United States, and used on the highway.

3. Local Transit System.—This means 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 of the total passenger fare revenue, both kinds of revenue being from scheduled service during the quarter. 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 a refund or credit, attach a statement with the information required under section 6421 and its Regulations.

F. What Special Fuels to Include and Their Definitions.—

1. Farm Use.—You may claim an income tax credit for Federal excise tax imposed on fuels as defined in paragraphs 4(a), (b), and (c). The use of these fuels for farming purposes is subject to the same limitations as gasoline in E.1.

2. Local Transit Systems.—This applies to fuels defined in paragraphs 4(a) and (b). The use of these fuels for a local transit system is subject to the same limitations and to the same method of computation as gasoline in E.3.

3. Nontaxable Uses.—

(a) Diesel and Special Motor Fuel.—These fuels as defined in 4(a) and (b) may qualify for a credit. For the fuel to qualify, you must have resold it, used it for a nontaxable purpose, or used it for a purpose that is different from the purpose for which it was sold to you and that makes a lower tax rate applicable. If any of these three conditions exists, the credit claimed should be the tax imposed by section 4041 on the fuel sold to you reduced by the tax that is applicable to its actual use.

(b) Commercial Aviation.—You may claim a credit for the tax on the fuel used in commercial aviation. For this purpose

commercial aviation is the use of an aircraft in a business of transporting persons or property by air for compensation or hire. It requires the reporting of excise tax on Form 720, Quarterly Federal Excise Tax Return. The use of an aircraft may be considered noncommercial aviation if the aircraft:

(i) Has a maximum certificated take-off weight of 6,000 pounds or less and is not operated on an established line, and

(ii) Is owned or leased by a member of an affiliated group and is not available for hire to nonmembers.

4. Definitions of Fuels and Their Taxable Uses.—

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

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

(ii) Used for 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 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 for fuel in a motor vehicle or motorboat, unless there was a taxable sale of such liquid under (i) above.

(c) Noncommercial Aviation Fuel.—This fuel is any liquid (such as jet fuel) that is not taxable under section 4081, but is taxed at 7 cents a gallon. This also includes gasoline taxable under section 4081 and that is taxed at an additional 3 cents a gallon. The liquid or gasoline must be:

(i) Sold 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 for fuel in an aircraft in other than commercial aviation, unless there was a taxable sale of such liquid under (i) above.

G. 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.

H. Additional Information.—Internal Revenue Service Publication 225, Farmer's Tax Guide, and 378, Federal Fuel Tax Credit or Refund for Nonhighway and Transit Users, are available free from the Internal Revenue Service.