

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)

Social security or employer identification number

Part I Type of Business 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 } .04 *	\$.06	\$
b Commercial fishing vessel (See instructions C.4. and D.2.(c)):						
(i) Gasoline		.02				
(ii) Diesel fuel or special fuels		.02 } .04 *			.06	
c Other (specify)		.02 } .04 *			.06	
2 Intercity, local, and school buses (See instruction C.3.)		.02 } .04 *			.06	
3 Aircraft		.02 } .04 *			.06	
4 Totals			\$			\$

Part II Type of Business 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) (Aerial applicators see instruction C.1.)			.07 } .04 } .07 } *	\$
b Aviation (applies only to commercial use as defined in instruction D.2.(d))			.04 } .07 } *	
6 Total				\$
7 Total income tax credit claimed. (Add line 4, columns (C) and (F) and line 6, column (D).) (See instruction B.)				\$

*** 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 D.2.(d))			4¢ or 7¢ whichever paid

Instructions

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

After December 31, 1978, gasoline, special fuels, and lubricating oil used for non-business, off-highway purposes (such as lawnmowers, snowmobiles, etc.) are not eligible for credit or refund.

Form 843 for Quarterly Tax Refund.—You may want to file a claim for a tax refund instead of a credit. To do so you must be able to claim at least \$1,000 a quarter for any fuel category or lubricating oil. Use Form 843, Claim, for filing.

File for any of the first three quarters of your tax year before the end of the next quarter. Show separate computations for a claim on gasoline, special fuels, and lubricating oils. Don't include gasoline or special fuels used on a farm for farming purposes. You may claim a credit only, not a refund, for tax paid on such fuel.

You may use Form 4136 as a worksheet to show your computations, and attach it to your Form 843.

Don't include on Form 4136 the credit you claim on Form 843 for any of the first three quarters of your tax year.

A. Purpose of Form 4136.—You must file this form if you claim credit for Federal excise tax on certain kinds of fuel.

These include gasoline, special fuels, and lubricating oil as defined in instructions C, D, and E.

An individual, estate, trust, or corporation may file this form, but a partnership may not. However, when a partnership files Form 1065, U.S. Partnership Return of Income, it must include a statement showing:

- How many gallons of the fuels are allocated to each partner.
- The types of use, as shown in this form.

B. Year to Include the Credit Resulting from Business Use of Fuel or Oil.—When you claim a credit or refund, you must include it in your gross income to the extent it resulted in a reduction of your income

(Continued on back)

tax. The year in which you include it depends upon your method of accounting.

1. Cash Method.—If you use the cash method, include the amount of credit in gross income for the tax year in which you file the tax return that claims the credit. If you file an amended return, or if you file a claim for credit or refund (and claim the credit for the tax), include the refund that results from the credit in your gross income for the tax year you receive it.

2. Accrual Method.—If you use the accrual method, figure the amount of the credit or refund due at the close of your tax year. Include it in income, even if you have not filed a claim for refund.

C. What Gasoline to Include.—You may claim credit for Federal excise tax on gasoline for farm use, business nonhighway uses, intercity, local, and school bus uses, and commercial fishing vessel uses.

1. Farm Use.—You may claim a credit for gasoline used for farming on a trade or business farm in the United States. Such farms include the following:

- Stock, dairy, poultry, fur-bearing animal, and truck farms.
- Plantations, ranches, nurseries, ranges, and greenhouses.
- Orchards.

Gasoline is considered used for farming only if the owner, tenant, or operator of the farm uses the gasoline. If gasoline is used for the farming tasks set forth below by anyone else, the owner, tenant, or operator is considered the user of the gasoline. **Exception:** Beginning after March 31, 1979, an aerial applicator is considered to have used gasoline for farming when performing the farming tasks under the following conditions:

- if the applicator is the ultimate purchaser of the gasoline; and
- if the farm owner, tenant, or operator agrees not to be treated as the user and ultimate purchaser of the gasoline.

The following tasks are considered farming:

- (a) Cultivating the soil, and raising or harvesting any horticultural or agricultural commodity. This includes raising livestock, bees, poultry, fur-bearing animals, and wildlife.
- (b) Handling, drying, packing, grading, or storing any horticultural or agricultural commodity before manufacture. This condition occurs only if the owner, tenant, or operator produced more than half of the commodity treated.
- (c) Planting, cultivating, or cutting trees, or preparing them for market. This does not include milling the lumber.
- (d) Operating, managing, conserving, improving, or maintaining the farm and its tools and equipment.

Gasoline is not considered used for farming under the following conditions:

- (a) If it is used off the farm to transport livestock, feed, crops, or equipment.
- (b) If it is used in processing, packaging, freezing, or canning operations.
- (c) If it is used for personal purposes.
- (d) If it is used on the farm of another person, even though used for farming.

Often a vehicle will be used on the farm both for farming and for nonfarming purposes. In these cases, show the number of

gallons of gasoline used for each purpose when claiming credit.

2. Business Nonhighway Uses.—You may claim a credit for gasoline used for business nonhighway purposes. Business nonhighway use does not include gasoline used in a motorboat or in a highway vehicle that either:

- Is registered or required to be registered for highway use under the laws of any State, the District of Columbia, or foreign country; or
- Is owned by the United States and is used on the highway.

3. Intercity, Local, or School Bus Uses.—If you are the ultimate purchaser of gasoline for a bus that provides transportation (1) to the general public for a fee or (2) to students and school employees, you may claim a credit for the excise tax you paid on gasoline used after November 30, 1978, for this service.

If you provide transportation on intercity and local buses on non-scheduled irregular routes, you may take the credit only if the seating capacity of the bus is at least 20 adults, not including the driver.

4. Commercial Fishing Vessel Use.—You may claim a credit for excise tax paid on gasoline used in a commercial fishing vessel in the amount of 2¢ a gallon. A commercial fishing vessel is one used in the fisheries or whaling business and used:

- Exclusively for catching shrimp and other types of aquatic life for sale commercially as bait, or
- On specific trips exclusively for catching fish to be sold commercially.

D. What Special Fuels to Include.—

1. Definitions of Special Fuels.—

(a) Diesel Fuel.—This fuel is a liquid that is:

- (1) Sold for use in a diesel-powered highway vehicle; or
- (2) Used for fuel in such a highway vehicle. (This use is not taxable if there was a taxable sale of the fuel under (1) above.) The use of diesel fuel is not taxable if it is taxable as gasoline under section 4081.

(b) Special Motor Fuels.—These fuels include benzol, benzene, naphtha, liquefied petroleum gas, casinghead and natural gasoline and other liquid, except kerosene, gas oil, fuel oil, diesel fuel, or any product taxable under section 4081. Special motor fuels must be:

- (1) Sold for use as a fuel in a motor vehicle or motorboat; or
- (2) Used for fuel in a motor vehicle or motorboat. (This use is not taxable if there was a taxable sale of the fuel under (1) above.)

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

- (1) Sold for use as fuel in an aircraft that is not used in commercial aviation; or
- (2) Used for fuel in such an aircraft. (This use is not taxable if there was a taxable sale of the fuel under (1) above.)

2. Uses of Special Fuels.—

(a) Farm Use.—You may claim credit for Federal excise tax on fuels as defined in D.1. See instruction C.1. for requirements for "farm use."

(b) Intercity, Local, and School Bus Uses.—You may claim credit for Federal excise tax on fuels as defined in D.1. See instruction C.3. for intercity, local, and school bus requirements.

(c) Commercial Fishing Vessel Use.—You may claim a credit for Federal excise tax on fuels as defined in D.1. of 2¢ or 4¢, whichever paid, that were used in vessels while employed in the fisheries or whaling business. See definition of fisheries or whaling business in C.4.

(d) Commercial Aviation Use.—You may claim credit for Federal excise taxes on noncommercial aviation fuels as defined in D.1.(c) used in commercial aviation. For this purpose commercial aviation is the use of an aircraft in a business of carrying people or property by air for pay. It requires reporting the excise tax on Form 720, Quarterly Federal Excise Tax Return. The use of an aircraft may be considered noncommercial aviation if the aircraft:

- (1) Has a maximum certificated takeoff weight of 6,000 pounds or less and is not operated on an established line; or
- (2) Is owned or leased by a member of an affiliated group and is not available for hire to nonmembers.

(e) Nontaxable Uses.—

(1) Diesel and Special Motor Fuel.—These fuels (defined in D.1.) may qualify for a credit in any of the following cases:

- You resold the fuel.
- You used the fuel for a nontaxable purpose.
- You used the fuel for a purpose that was not the one you bought it for. This other purpose must make a lower tax rate apply. If any of these three conditions exist, claim as credit the figure you get by subtracting (a) the tax that applies to the actual use of the fuel, from (b) the tax imposed by section 4041 on the fuel sold to you.

E. What Lubricating Oil to Include.—

You may claim an income tax credit for lubricating oil that is used in qualified business use, in a qualified bus, or in a commercial fishing vessel. You may include:

- Oil to lubricate plant machinery.
- Oil to lubricate vehicles such as aircraft, bulldozers, buses, power shovels, and farm tractors.

You may not include:

- Cutting oils.
- Used oil.
- Oil used in a highway motor vehicle, such as a truck, if used for other than business nonhighway use. See instruction C.2.
- Oil sold free of the Federal excise tax on lubricating oil. Such oil includes transformer or insulating oil, some motor fuel additives, crude neat's-foot oil, castor oil, and oils purchased excise-tax-free by use of an exemption certificate.

F. What Fuels Not to Include.—Do not include gasoline lost or destroyed through spillage, accident, or shrinkage. Such gasoline is not considered to be used and therefore does not qualify for credit or refund.

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