

**Computation of Credit for Federal Tax on Gasoline and Special Fuels**

(And Credit for Purchase of Qualified Diesel-Powered Highway Vehicles)

▶ Attach this form to your income tax return.

Name (as shown on your income tax return)

Social security or employer identification number

Type of Use	Gasoline and Gasohol, Diesel Fuel, and Other Special Motor Fuels		
	A. Number of Gallons Used	B. Rate of Tax	C. Multiply Column A by Column B
<b>1</b> Qualified diesel-powered highway vehicles (See instruction E.) . . . . .			\$
<b>2</b> Nonhighway:			
<b>a</b> Farm (for farming purposes) (Ground applicators of agricultural substances, see instruction C.1.):			
(i) Gasoline . . . . .		.09	
(ii) Diesel fuel . . . . .		.15	\$
(iii) Special fuels . . . . .		.09	
<b>b</b> Commercial fishing vessel (See instructions C.2. and D.2.(b).):			
(i) Gasoline . . . . .		.09	
(ii) Diesel fuel . . . . .		.15	\$
(iii) Special fuels . . . . .		.09	
<b>c</b> Off-highway business (specify) . . . . .			
(i) Gasoline . . . . .		.09	
(ii) Diesel fuel . . . . .		.15	\$
(iii) Special fuels . . . . .		.09	
<b>3 a</b> Intercity, local, and school buses (See instruction C.4.) . . . . .		.09/.12	
<b>b</b> Qualified local buses (See instruction D.2.(c).) . . . . .		.15	\$
<b>4</b> Gasoline/Alcohol Mixture . . . . .		.0566	\$
<b>5 a</b> Diesel/Alcohol Mixture . . . . .		.06	
<b>b</b> Special Fuels/Alcohol Mixture . . . . .		.06	\$
<b>6</b> Qualified taxicab . . . . .		.04	\$
<b>Aviation Fuel</b>			
<b>7</b> Farm (for farming purposes) (Aerial applicators of agricultural substances, see instruction C.1.) . . . . .		.09/.12/.14 *	\$
<b>8</b> Aviation (Applies only to commercial or certain helicopter uses as defined in instruction C.7.) . . . . .		.09/.12/.14 *	\$
<b>9</b> Total income tax credit claimed (add lines 1 through 8). Enter here and on Form 1040, line 62; Form 1120, line 32f; Form 1120-A, line 28f; Form 1120S, line 26b; Form 1041, line 33b; or the proper line of other returns.			\$

\* Use rate paid or allowable rate if less

**Instructions**

(Section references are to the Internal Revenue Code)

**Paperwork Reduction Act Notice.**—We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

**Purpose of Form.**—File this form if you claim credit for Federal excise tax on gasoline and gasohol, diesel fuel, and other special fuels used for certain types of business uses or the credit for diesel-powered highway vehicles.

Figure the credit by multiplying the number of gallons used by the rate of Federal excise tax paid or the allowable rate if lesser.

An individual, estate, trust, or corporation may file this form, but a partnership may not. However, when a partnership files **Form 1065**, it must include a statement showing how many gallons of the fuels are allocated to each partner, the types of use, and the applicable tax rate as shown on this form.

**A. Refund Instead of Credit.**—If you paid excise tax of at least \$1,000 (\$200 for gasoline/alcohol mixture and \$50 for gasoline, diesel fuel, or

special fuels used in a qualified taxicab) on any fuel category used in any one of the first three quarters of the tax year, you may file for a refund of the tax instead of claiming a credit for it on Form 4136. To claim the refund, file **Form 843**, Claim, before the end of the quarter following the one for which you are claiming the refund. Show separate computations for a claim on gasoline and special fuels. You may use Form 4136 as a worksheet to show your computations and attach it to the Form 843 you file.

You must claim a credit, rather than a refund, for any tax paid during the fourth quarter, and for any tax under \$1,000 (\$200 for gasoline/alcohol mixture and \$50 for gasoline, diesel fuel, or special fuels used in a qualified taxicab) for any fuel used in the first three quarters. You must also claim the credit rather than a refund, for tax paid on gasoline or special fuels used on a farm for farming purposes.

Do not claim a credit on Form 4136 for any amount that you previously claimed as a refund.

**B. Year To Include the Credit Or Refund In Income.**—When you claim a credit or refund, you must include it in your gross income to the extent that it reduced your income tax. The year you include it depends on your method of accounting. This rule does not apply to the credit claimed on line 1.

**1. Cash Method.**—If you use the cash method, include the amount of the credit in gross income in the tax year that you file the tax return claiming 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 or gasohol for farm uses, commercial fishing vessel uses, off-highway business uses, intercity, local, or school bus uses, qualified taxicab use, and commercial or certain helicopter aviation uses.

**1. Farm Use.**—You may claim a credit for gasoline used for farming in a trade or business farm in the United States in the amount of 9¢ a gallon. (See instruction C. 7. for aviation fuel used for farming.) Such farms include the following: stock, dairy, poultry, fur-bearing animals, truck farms, plantations, ranches, nurseries, ranges, greenhouses, and 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. There is an exception to this rule. An aerial or ground applicator of agricultural substances is considered to have used gasoline for farming when performing the farming tasks under the following conditions:

- The applicator is the ultimate purchaser of the gasoline; and
- 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, but 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 by you for farming if it is used:

- (a) Off the farm to transport livestock, feed, crops, or equipment.
- (b) In processing, packaging, freezing, or canning operations.
- (c) For personal purposes.
- (d) On the farm of another person, even though used for farming.

Often a vehicle is 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 a credit.

**2. Commercial Fishing Vessel Use.**—You may claim a credit for tax paid on gasoline used in a commercial fishing vessel in the amount of 9¢ 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.

**3. Off-highway Business Uses.**—You may claim a credit for tax paid on gasoline used for off-highway business purposes in the amount of 9¢ a gallon. Off-highway business use does not include gasoline used in a motorboat that is not a commercial fishing vessel, 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 a foreign country; or
- Is owned by the United States and is used on the highway.

**4. 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 tax paid on gasoline used for this service in the amount of 9¢ a gallon.

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

**5. Gasoline/Alcohol Mixture.**—You may claim a credit for tax paid on gasoline that you used to produce a gasoline/alcohol mixture that was sold or used in your trade or business. The credit is 5 $\frac{3}{4}$ ¢ (.0566) a gallon if you paid 9¢ a gallon.

**6. Qualified Taxicab Use.**—The ultimate purchaser may claim a credit for tax paid on gasoline used before October 1, 1985, in a qualified taxicab providing qualified taxicab service in the amount of 4¢ a gallon.

A qualified taxicab is a land vehicle that holds fewer than 10 adults including the driver. For 1978 and later model years, the vehicle model must have a fuel economy rating better than the average fuel economy standard for the model year (18 mpg for 1978 models, 19 mpg for 1979, 20 mpg for 1980, 22 mpg for 1981, 24 mpg for 1982, 26 mpg for 1983, 27 mpg for 1984 and 27 $\frac{1}{2}$  mpg for 1985). A taxicab is qualified if the vehicle received or could have received an exemption from the fuel economy standard for the model year. Fuel economy standards do not apply for vehicles acquired before 1979.

Qualified taxicab service means furnishing nonscheduled land transportation for a fixed fee in a qualified taxicab. The person operating the taxicab must be properly licensed as a taxicab driver and must not be prohibited from furnishing ride-sharing.

**7. Farming, Commercial, or Helicopter Aviation Uses.**—You may claim a credit for tax paid on aviation gasoline used in farming, commercial, or certain helicopter aviation uses in the amount of 9¢ or 12¢ a gallon, whichever is paid.

See C.1. for the definition of farm use.

Commercial aviation is the use of an aircraft in a business of carrying people or property by air for pay. The use of an aircraft may be considered noncommercial aviation if the aircraft:

- (a) Has a maximum certificated 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.

Helicopter uses are:

(a) Transporting individuals, equipment, or supplies in the exploration for, or the development or removal of, hard minerals, or the exploration for oil or gas; or

(b) The planting, cultivation, cutting, or transportation of, or caring for, trees (including logging operations),

but only if the helicopter does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970, or otherwise use services provided pursuant to the Airport and Airway Improvement Act of 1982 during such use.

**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 a diesel-powered highway vehicle unless there was a taxable sale of the fuel under (1) above.

**(b) Special Motor Fuels.**—These fuels include benzol, benzene, naphtha, liquefied petroleum gas, casing head 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) Diesel/Alcohol Mixture.**—You may claim a credit for tax paid on diesel fuel that is later used in a mixture of diesel fuel and alcohol if it is at least 10% alcohol. The allowable credit is 6¢ a gallon.

**(d) Special Fuel/Alcohol Mixture.**—You may claim a credit for tax paid on special fuels that are later used in a mixture of a special fuel and alcohol if it is at least 10% alcohol. The allowable credit is 6¢ a gallon.

**2. Uses of Special Fuels.**—

**(a) Farm Use.**—You may claim a credit for tax paid on diesel fuel in the amount of 15¢ a gallon that was for farm use. You may claim a credit for tax paid on special motor fuels in the amount of 9¢ a gallon. See instruction C.1. for definition of farm use.

**(b) Commercial Fishing Vessel Use.**—You may claim a credit for tax paid on diesel fuel in the amount of 15¢ a gallon. You may claim a credit for tax paid on special motor fuels in the amount of 9¢ a gallon. See instruction C.2. for definition of commercial fishing vessel use.

**(c) Intercity, Local, or School Bus Uses.**—You may claim a credit for tax paid on diesel fuel in the amount of 12¢ a gallon.

You may claim a credit of 15¢ a gallon for tax paid on diesel fuel if the fuel is used in a qualified local bus. A "qualified local bus" is any local bus which has a seating capacity of at least 20 adults (not including the driver), and which is under contract (or is receiving more than a nominal subsidy) from any state or local government to furnish such transportation. You may claim a credit for tax paid on special motor fuels in the amount of 9¢ a gallon. See instruction C.4. for definition of intercity, local, and school bus uses.

**(d) Qualified Taxicab Use.**—You may claim a credit for tax paid on fuels used before 10/1/85 in the amount of 4¢ a gallon. See C.6. for definition of qualified taxicab use.

**(e) Farming, Commercial, or Helicopter Aviation Uses.**—You may claim a credit for tax paid on fuels in the amount of 14¢ a gallon that were for farming, commercial, or helicopter aviation uses. See instruction C.1. for definition of farming uses and instruction C.7. for definition of commercial or helicopter aviation uses.

**(f) Nontaxable Uses.—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 a 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. Purchase of Qualified Diesel-Powered Highway Vehicles.**—If you purchased a diesel-powered highway vehicle after 1/1/85, for a use other than resale and you are the first purchaser, you may claim a credit of \$102 for an automobile and \$198 for a light truck or van. A qualified diesel-powered highway vehicle is any diesel-powered highway vehicle which has at least 4 wheels, has a gross vehicle weight rating of 10,000 pounds or less, and is registered for highway use in the United States under the laws of any state. Enter the credit on line 1 of Form 4136. If you purchased more than one vehicle that qualifies for the credit, add the allowable credits and enter them on line 1.

**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, Fuel Tax Credits, are available from the Internal Revenue Service.**