

**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) (except line 1)
1 Qualified diesel-powered highway vehicles (See instructions below.)			\$
2 Nonhighway:			
a Farm (for farming purposes):			
(i) Gasoline, gasoline/alcohol mixture		.03/.0333/.09*	
(ii) Diesel fuel, diesel/alcohol mixture		.09/.15*	\$
(iii) Special fuels, special fuels/alcohol mixture		.03/.045/.09*	
b Commercial fishing vessel (See instructions.):			
(i) Gasoline, gasoline/alcohol mixture		.03/.0333/.09*	
(ii) Diesel fuel, diesel/alcohol mixture		.09/.15*	\$
(iii) Special fuels, special fuels/alcohol mixture		.03/.045/.09*	
c Off-highway business (specify):			
(i) Gasoline, gasoline/alcohol mixture		.03/.0333/.09*	
(ii) Diesel fuel, diesel/alcohol mixture		.09/.15*	\$
(iii) Special fuels, special fuels/alcohol mixture		.03/.045/.09*	
3a Intercity, local, and school buses (See instructions.):		.03/.0333/.09/.12*	
b Qualified local and school buses (See instructions.):		.15	\$
c Gasoline used for certain exempt purposes		.03/.09*	
4 Gasoline/alcohol mixture (gasohol)		.0566	\$
5a Qualified methanol and ethanol		.06	\$
b Diesel/alcohol mixture		.06	\$
c Special fuels/alcohol mixture		.06	\$
6 Qualified taxicab		.04	\$
7 Additional tax on fuels (See instructions.)		.001/.0005	\$
Aviation Fuel:			
8 Farm (for farming purposes)		.03/.09/.12/.14*	\$
9 Aviation (Applies only to commercial or certain helicopter uses as defined in instructions.)		.03/.09/.12/.14*	\$
10 Total income tax credit claimed (add lines 1 through 9). Enter here and on Form 1040, line 59; Form 1120, line 32f; Form 1120-A, line 28f; Form 1120S, line 23b; Form 1041, line 30b; 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 how many gallons of the allowable rate if less. See the instructions for your particular use of fuel to determine the applicable rate of tax.

An individual, estate, trust, or corporation may file this form, but a partnership may not. However, a partnership must attach to Form 1065, U.S. Partnership Return of Income, 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.

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 gasoline for nonhighway use (including use for

commercial fishing vessels) and intercity, local, or school bus use in any one of the first three quarters of the tax year, you may file for a refund of the tax instead of a credit.

If you paid excise tax of at least \$1,000 (include in the \$1,000 the credit for purchase of a qualified diesel-powered highway vehicle) on special fuels for a nontaxable use, intercity, local or school bus use (including a qualified local bus), certain aircraft museums use, and certain helicopter use in any one of the first three quarters of the tax year, you may file for a refund.

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, special fuels, and alcohol mixtures. 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, special fuels, or alcohol mixtures 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.

Year To Include the Credit or Refund in Income.—When you claim a credit or refund,

you must include that credit or refund 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 for qualified diesel-powered highway vehicles.

Cash Method.—If you use the cash method, include the credit in gross income on your return for the year you claim 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.

Accrual Method.—If you use the accrual method, figure 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.

Credit for Purchase of Qualified Diesel-Powered Highway Vehicles.—If you purchased a diesel-powered highway vehicle 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 that 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, enter the total of the credits on line 1.

(Continued on next page)

What Gasoline To Include.—

Farm Use.—You may claim a credit for gasoline used for farming in a trade or business farm in the U.S. The credit for gasoline is 9¢ a gallon and 3¢ a gallon for gasohol. If gasoline was purchased for blending with alcohol, the credit is 3½¢ (.0333) a gallon. (See instructions 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. See **Publication 225**, Farmer's Tax Guide, for information on who may claim a credit for farming purposes.

Commercial Fishing Vessel Use.—You may claim a credit for tax paid on gasoline and a gasoline/alcohol mixture (gasohol) used in a commercial fishing vessel. The credit for gasoline is 9¢ a gallon and 3¢ a gallon for gasohol. If gasoline was purchased for blending with alcohol, the credit is 3½¢ (.0333) 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, shrimp, or other aquatic life to be sold commercially.

Off-Highway Business Uses.—You may claim a credit for tax paid on gasoline and a gasoline/alcohol mixture (gasohol) used for off-highway business purposes. The credit for gasoline is 9¢ a gallon and 3¢ a gallon for gasohol. If gasoline was purchased for blending with alcohol, the credit is 3½¢ (.0333) 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 must be registered for highway use or is owned by the U.S. and used on the highway.

Intercity, Local, or School Bus Uses.—If you are the ultimate purchaser of gasoline or a gasoline/alcohol mixture (gasohol) 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 of 9¢ a gallon and 3¢ a gallon for gasohol. If gasoline was purchased for blending with alcohol, the credit is 3½¢ (.0333) 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.

Exempt Uses.—Effective January 1, 1988, you may claim a credit for gasoline or gasoline/alcohol mixture that is exported, used by a state or local government, used by a nonprofit educational organization, or used as supplies for vessels or aircraft. The credit for gasoline is 9¢ a gallon and 3¢ a gallon for gasohol/alcohol mixture. See **Publication 510**, Excise Taxes for 1988, for more information.

Gasoline Mixed With Alcohol.—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 5½¢ (.0566) a gallon if you paid 9¢ a gallon.

Qualified Taxicab Use.—The ultimate purchaser may claim a credit for tax paid on gasoline (or diesel fuel) used 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

27½ mpg for 1985 and later years). 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 driver must be properly licensed as a taxicab driver and must be able to furnish ride-sharing.

Aviation Fuel—Farming, Commercial, or Helicopter Uses.—You may claim a credit for tax paid on aviation gasoline used in farming, commercial, or certain helicopter aviation uses of 9¢ or 12¢ a gallon, whichever is paid. Also, you may claim a credit for tax paid on gasohol of 3¢ a gallon.

For the definition of farm use, see Publication 225.

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 has a maximum certificated takeoff weight of 6,000 pounds or less and is not operated on an established line, or 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, oil, or gas; or

(b) Planting, cultivating, cutting, transporting, 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 under the Airport and Airway Improvement Act of 1982 during such use.

What Special Fuels To Include.—

(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).

(b) **Special Motor Fuels.**—These fuels include benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline and other liquids, 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).)

(c) **Qualified Methanol and Ethanol Fuels.**—These fuels include any liquid 85% of which consists of alcohol produced other than from petroleum or natural gas. The allowable credit is 6¢ a gallon. Claim the credit on line 5a.

(d) **Diesel Fuel Mixed With Alcohol.**—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.

(e) **Special Fuels Mixed With Alcohol.**—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.

Uses of Special Fuels.—

Farm Use.—You may claim a credit for tax paid on diesel fuel of 15¢ a gallon and for tax paid on diesel fuel mixed with alcohol of 9¢ a gallon. You may claim a credit for tax paid on special motor fuels of 9¢ a gallon and 3¢ a gallon for special fuels mixed with alcohol. If 85% of the special fuel consists of alcohol produced from natural gas, you may claim a credit for the tax

paid of 9¢ or 4½¢ a gallon. Also, you may claim a credit for qualified methanol and ethanol of 3¢. Enter the credit for methanol and ethanol under special fuels on line 2a(iii). For the definition of farm use, see Publication 225.

Commercial Fishing Vessel Use.—You may claim a credit for tax paid on diesel fuel of 15¢ a gallon and 9¢ a gallon for diesel fuel mixed with alcohol. You may claim a credit for tax paid on special motor fuels of 9¢ a gallon and 3¢ a gallon for special fuels mixed with alcohol. If 85% of the special fuel consists of alcohol produced from natural gas, you may claim a credit for the tax paid of 9¢ or 4½¢ a gallon. Also, you may claim a credit for qualified methanol and ethanol of 3¢. Enter the credit for methanol and ethanol under special fuels on line 2b(iii). For the definition of commercial fishing vessel use, see *Commercial Fishing Vessel Use*, under *What Gasoline To Include*.

Bus Uses.—Generally, you may claim a credit for tax paid on diesel fuel of 12¢ a gallon for intercity and local bus use. 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 or school bus. A **qualified local bus** is any local bus that seats at least 20 adults (not including the driver), that transports the general public along regular scheduled routes, and that is under contract (or receives 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 of 9¢ a gallon. For the definition of intercity, local, and school bus uses, see *Intercity, Local, or School Bus Uses*, under *What Gasoline To Include*.

Farming, Commercial, or Helicopter Aviation Uses.—You may claim a credit for tax paid on fuels of 14¢ a gallon that were for farming, commercial, or helicopter aviation uses. See instructions for the definitions of commercial or helicopter aviation uses under *What Gasoline To Include*. See Publication 225 for definition of farming use.

Other Nontaxable Uses—Diesel and Special Motor Fuel.—These fuels 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. Enter the net amount of credit on line 2c(ii) or (iii), Form 4136, for off-highway business credit.

Additional Tax on Fuels (Leaking Underground Storage Tank Taxes).

—You may claim a credit of 1/10 of 1¢ (.001) a gallon for tax paid on gasoline or gasohol used in intercity, local, or school buses, on a farm or in farming aviation, in commercial fishing vessels, and in helicopter aviation described in *Helicopter uses* and all commercial aviation. You may also claim a credit for tax paid on diesel fuel and special motor fuels of 1/10 of 1¢ (.001) a gallon for use on a farm, in farming aviation, in commercial fishing vessels, in qualified local buses and school buses, and in helicopter aviation described in *Helicopter uses*. The amount of credit for qualified ethanol and methanol is 1/20 of 1¢ (.0005) a gallon.

What Fuels Not To Include.—Fuels lost through spillage, accident, or shrinkage are not considered used and do not qualify for credit or refund.

Additional Information.—**Publication 225**, Farmer's Tax Guide, and **Publication 378**, Fuel Tax Credits, are available from the Internal Revenue Service.