

Computation of Credit for Federal Tax on Fuels

(And Credit for Purchase of Diesel-Powered Highway Vehicles)
 ▶ Attach this form to your income tax return.

1988

Attachment
 Sequence No. **25**

Name (as shown on your income tax return)	Social security or employer identification number
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Type of Use	(a) Number of gallons used	(b) Rate of tax	(c) Multiply column (a) by column (b) (except line 1)
1 Diesel-powered highway vehicles purchased this year (See instructions.)			\$
2 Nonhighway:			
a Farm (for farming purposes):			
(i) Gasoline, gasoline/alcohol mixture (gasohol)		.03/.0333/.09*	
(ii) Diesel fuel, diesel/alcohol mixture		.09/.10/.15*	\$
(iii) Special motor fuels, special fuels/alcohol mixture		03 / 045 / 09*	

state. Enter the credit on line 1. If you bought more than one vehicle, enter the total credits on line 1.

Line 2a—Farm Use.—You may claim a credit for tax paid on gasoline, diesel fuel, and special motor fuels (or any of these mixed with alcohol) used on a farm operated as a trade or business in the U.S. Such farms include those that raise stock, dairy, poultry, or fur-bearing animals; and truck farms, plantations, ranches, nurseries, ranges, greenhouses, and orchards. See Pub. 225 for more information on who may claim a credit for farming purposes.

The credit amounts are:

Line 2a(i)—9 cents a gallon for gasoline; 3 cents a gallon for gasohol; and 3½ cents (.0333) a gallon for gasoline purchased for blending with alcohol.

Line 2a(ii)—15 cents a gallon for diesel fuel; 9 cents a gallon for diesel fuel mixed with alcohol; 10 cents a gallon for diesel fuel purchased after March 31, 1988, for mixing with alcohol.

Line 2a(iii)—9 cents a gallon for special motor fuels; 3 cents a gallon for special fuels mixed with alcohol; 9 cents or 4½ cents (whichever paid) a gallon if 85% of the fuel consists of alcohol produced from natural gas; 3 cents a gallon for methanol and ethanol.

Line 2b—Commercial Fishing Vessels.—You may claim a credit for tax paid on gasoline, gasohol, diesel fuel, diesel fuel mixed with alcohol, special motor fuels, and special fuels mixed with alcohol used in a commercial fishing vessel. A commercial fishing vessel is one used in the fishing or whaling business only for catching shrimp and other aquatic life for sale commercially as bait, or on specific trips only for catching fish, shrimp, or other aquatic life to be sold commercially.

The credit amounts are:

Line 2b(i)—9 cents a gallon for gasoline; 3 cents a gallon for gasohol; 3½ cents (.0333) a gallon for gasoline purchased for blending with alcohol.

Line 2b(ii)—15 cents a gallon for diesel fuel; 9 cents a gallon for diesel fuel mixed with alcohol; 10 cents a gallon for diesel fuel purchased after March 31, 1988, for mixing with alcohol.

Line 2b(iii)—9 cents a gallon for special motor fuels; 3 cents a gallon for special fuels mixed with alcohol; 9 cents or 4½ cents (whichever paid) a gallon if 85% of the fuel consists of alcohol produced from natural gas; 3 cents a gallon for methanol and ethanol.

Line 2c—Off-Highway Business Use.—You may claim a credit for tax paid on fuels used for any off-highway business purpose. Off-highway business use does not include fuel 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. Enter the specific off-highway business purpose for which you used the fuel in the entry space on line 2c.

The credit amounts are:

Line 2c(i)—9 cents a gallon for gasoline; 3 cents a gallon for gasohol; 3½ cents (.0333) a gallon for gasoline purchased for blending with alcohol.

Line 2c(ii)—15 cents a gallon for diesel fuel; 9 cents a gallon for diesel fuel mixed with alcohol; 10 cents a gallon for diesel fuel purchased after March 31, 1988, for mixing with alcohol.

Line 2c(iii)—9 cents a gallon for special motor fuels; 3 cents a gallon for special fuels mixed with alcohol; 9 cents or 4½ cents (whichever paid) a gallon if 85% of the fuel consists of alcohol produced from natural gas; 3 cents a gallon for methanol and ethanol.

Line 3a—Intercity, Local, and School Buses.—You may claim a credit for tax paid on gasoline, gasohol, diesel fuel, and special motor fuels if you are the ultimate purchaser, and the fuel is used in a bus that transports the general public for a fee, or students and school employees. If the bus is an intercity or local bus and runs on nonscheduled irregular routes, you may claim the credit only if the seating capacity of the bus is at least 20 adults, not including the driver.

The credit amounts are 9 cents a gallon for gasoline and special motor fuels; 3 cents a gallon for gasohol; 3½ cents (.0333) a gallon for gasoline purchased for blending with alcohol; 12 cents a gallon for diesel fuel used in intercity and local buses; and 15 cents a gallon for diesel fuel used in school buses.

Line 3b—Qualified Local Buses.—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 of 15 cents a gallon for tax paid on diesel fuel used in a qualified local bus.

Line 4—Gasoline and Diesel Fuel Used for Nontaxable Purposes.—You may claim a credit for tax paid on gasoline, gasohol, diesel fuel, or diesel/alcohol mixture that is exported, used as supplies for vessels or aircraft, used for a nontaxable purpose, or used for a purpose other than the one you bought it for. You may also claim a credit for tax paid (9 cents a gallon) on blend stocks and additives not used to produce gasoline, and tax paid on diesel fuel used in trains. The credit is 9 cents a gallon for gasoline and 3 cents a gallon for gasohol. The credit is 15 cents a gallon for diesel fuel, 9 cents a gallon for diesel/alcohol mixture, and 10 cents a gallon for diesel fuel purchased after March 31, 1988, for mixing with alcohol.

Line 5—Gasoline/Alcohol Mixture.—You may claim a credit for tax paid on gasoline that you use to produce a gasoline/alcohol mixture (gasohol) if the mixture is at least 10% alcohol, and the mixture was sold or used in your trade or business. The credit is 5½ cents (.0566) a gallon for gasoline.

Line 6a—Qualified Methanol and Ethanol.—These are liquid fuels, 85% of which are alcohol produced other than from petroleum or natural gas. If you paid tax of 9 cents a gallon on these fuels, you may claim a credit of 6 cents a gallon.

Line 6b—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 the mixture is at least 10% alcohol and the mixture was sold or used in your trade or business. The credit is 5 cents a gallon for diesel fuel.

Line 6c—Special Fuels/Alcohol Mixture.—You may claim a credit for tax paid on special motor fuels that are later mixed with alcohol if the mixture is at least 10% alcohol and the mixture was sold or used in your trade or business. The credit is 5½ cents (.0566) a gallon for special fuels.

Line 7—Qualified Taxicab Use.—If you are the ultimate purchaser of the fuel, you may claim a credit of 4 cents a gallon for tax paid on gasoline, special motor fuels, or diesel fuel used in a taxicab, if the cab and the service provided meet certain tests. To qualify, the taxicab must be a land vehicle that holds fewer than 10 adults including the driver. The taxicab must furnish nonscheduled land transportation for a fixed fee. The driver must be properly licensed as a taxicab driver and must be able to furnish ridesharing. 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. See Pub. 378 for the average fuel economy standard for each model year. This credit will not be allowed for fuel used after September 30, 1988.

Line 8—Leaking Underground Storage Tank Taxes.—You may claim a credit of ¼ of 1 cent (.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, in helicopter aviation use described below, and in all commercial aviation. You may also claim a credit for tax paid on diesel fuel and special motor fuels of ¼ of 1 cent (.001) a gallon for use on a farm, in farming aviation, in commercial fishing vessels, in qualified local buses and school buses, in off-highway use, and in helicopter aviation use described below. The amount of credit for qualified ethanol and methanol is ½ of 1 cent (.0005) a gallon. If you purchased the fuel for blending with alcohol, the amount of credit is ⅓ of 1 cent (.0011) a gallon.

Lines 9 and 10—Fuel Used in Aviation.—You may claim a credit for fuel (including an alcohol mixture) used in aviation, on a farm for farming purposes, for commercial aviation, and for certain helicopter and certain aircraft museum uses. **Commercial aviation** is the use of an aircraft in a business of carrying people or property by air for pay. See Pub. 378 for more information on fuels used in commercial aviation.

The credit applies to fuel used in helicopters to transport individuals, equipment, or supplies to explore for, develop, or remove hard minerals, oil, or gas; or to plant, cultivate, cut, transport or care for trees (including logging); or to provide emergency medical service (effective October 1, 1988). To qualify, the helicopter may 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.

You may claim a credit for gasoline (avgas) used for these purposes at 9 or 12 cents (11.9 cents for purchases after March 31, 1988) a gallon, whichever was paid. The credit is 3 cents a gallon for gasohol, and 14 cents a gallon for aviation fuel used for these purposes.

Line 11—Total Income Tax Credit.—Add the amount for each credit and enter the total on line 11. Also, enter the total amount of credit on the proper line of your income tax return.