

Credit for Alcohol Used as Fuel

▶ Attach to your return.

1990

Attachment Sequence No. **83**

Department of the Treasury
Internal Revenue Service

▶ For Paperwork Reduction Act Notice, see instructions.

Name(s) as shown on return

Identifying number

| Type of Alcohol Fuel | (a) Number of Gallons Sold or Used | (b) Credit or Tax Rate | (c) Column (a) x Column (b) |
|---|---------------------------------------|---------------------------|--------------------------------|
| 1 Straight alcohol and alcohol mixtures: | | | |
| a 190 proof or greater (in gallons) | 1a | .60 | |
| b Less than 190 proof but at least 150 proof (in gallons) | 1b | .45 | |
| 2 Add lines 1a and 1b in both columns | 2 | | |
| 3 Other fuels blended with the alcohol above | 3 | | |
| 4 Total gallons of fuel—Add lines 2 and 3 (column (a)) | 4 | | |
| 5 Enter the number of gallons that contain less than 10% of 190-proof alcohol or that are exempt from excise taxes because of exemption, credit, or refund provisions other than the alcohol fuel credit | 5 | | |
| 6 Subtract line 5 from line 4 | 6 | | |
| 7 Break down line 6 into the number of gallons of: | | | |
| Noncommercial aviation fuel— | | | |
| a Alcohol or alcohol blended with aviation fuels | 7a | .14(.134*) | |
| b Alcohol blended with gasoline | 7b | .09(.064*) | |
| All other fuel on line 6— | | | |
| c Less than 85% alcohol blended with gasoline, diesel fuel, or special motor fuel | 7c | .06(.054*) | |
| d 85% or more alcohol: (i) Methanol/ethanol produced from other than petroleum or natural gas (see instructions) | 7d(i) | .06(.0605/.0545*) | |
| (ii) Alcohol produced from natural gas | 7d(ii) | .045(.07*) | |
| 8 Add lines 7a through 7d, column (c) | | 8 | |
| 9 Credit less excise tax benefit. Subtract line 8 from line 2. Note: Include this amount in your income for 1990 | | 9 | |
| 10 Flow-through alcohol fuel credit(s) from a partnership, S corporation, estate or trust | | 10 | |
| 11 Current year credit for alcohol used as fuel. Add lines 9 and 10 | | 11 | |

* Rate applies effective December 1, 1990.

See General Instruction B, Who Must File Form 3800, General Business Credit.

| | | |
|---|------------|-----------|
| 12 a Individuals—Enter amount from Form 1040, line 40 | } | 12 |
| b Corporations—Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) | | |
| c Other filers—Enter regular tax before credits from your return | | |
| 13 Credits that reduce regular tax before the credit for alcohol used as fuel: | | |
| a Credit for child and dependent care expenses (Form 2441) | 13a | |
| b Credit for the elderly or the disabled (Schedule R, Form 1040) | 13b | |
| c Foreign tax credit (Form 1116 or Form 1118) | 13c | |
| d Possessions tax credit (Form 5735) | 13d | |
| e Mortgage interest credit (Form 8396) | 13e | |
| f Credit for fuel from a nonconventional source | 13f | |
| g Orphan drug credit (Form 6765) | 13g | |
| h Total credits that reduce regular tax before the alcohol fuel credit. Add lines 13a through 13g | 13h | |
| 14 Net regular tax—Subtract line 13h from line 12 | | 14 |
| 15 Tentative minimum tax: | | |
| a Individuals—Enter amount from Form 6251, line 17 | } | 15 |
| b Corporations—Enter amount from Form 4626, line 13 | | |
| c Estates and Trusts—Enter amount from Form 8656, line 37 | | |
| 16 Net income tax: | | |
| a Individuals—Add line 14 above and line 19 of Form 6251. Enter the total | } | 16 |
| b Corporations—Add line 14 above and line 15 of Form 4626. Enter the total | | |
| c Other filers—See Instructions | | |
| 17 If line 14 is more than \$25,000, enter 25% of excess (see instructions) | | 17 |
| 18 Subtract line 15 or line 17, whichever is greater, from line 16. Enter the result. If less than zero, enter zero | | 18 |
| 19 Alcohol fuel credit allowed for current year. Enter the smaller of line 11 or line 18. This is your General Business Credit for 1990. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4e; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns | | 19 |

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

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 8 hrs., 22 min.
- Learning about the law or the form** 46 min.
- Preparing the form** 1 hr., 52 min.
- Copying, assembling, and sending the form to IRS** 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both IRS and the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

Item You Should Note.—The Revenue Reconciliation Act of 1990 revised the excise tax exemption amounts for certain fuels effective December 1, 1990. The revised rates are shown in parentheses in column (b) for lines 7a through 7d.

General Instructions

A. Purpose of Form.—Use Form 6478 to figure your credit for alcohol used as fuel. The credit is allowed for sale or use of straight alcohol fuel and qualified alcohol mixtures.

You may claim or elect not to claim the alcohol fuel credit at any time within three years from the due date of the return on either an original or an amended return (determined without regard to extensions).

B. Who Must File Form 3800, General Business Credit.—The general business credit consists of the investment credit (Form 3468), jobs credit (Form 5884), credit for alcohol used as fuel (Form 6478), research credit (Form 6765), low-income housing credit (Form 8586), and disabled access credit (Form 8826). If you have more than one of these credits for 1990, a carryback or carryforward of any of these credits, or a general business credit from a passive activity, do not complete lines 12 through 19. Instead, attach the appropriate credit forms and summarize them on Form 3800, General Business Credit. If you have only a 1990 credit for alcohol used as fuel and the credit is not from a passive activity, you do not have to file Form 3800 this year.

C. Alcohol Fuel and Amount of Credit.—

1. Straight Alcohol.—The credit is 60 cents a gallon for alcohol that is at least 190 proof. The alcohol must be:

- (a) used by the taxpayer as a fuel in a trade or business, or
- (b) sold by the taxpayer at retail to another person and put in the fuel tank of that person's vehicle.

The alcohol cannot be in a mixture with gasoline, diesel or special motor fuel (except for a denaturant).

2. Alcohol Mixture.—The credit is 60 cents a gallon for alcohol that is at least 190 proof. The alcohol must be used to produce a qualified mixture. A qualified mixture combines alcohol with gasoline, diesel, or special motor fuel and the producer of the mixture either:

- (a) uses it as fuel, or
- (b) sells it as fuel to another person.

The credit is available only to the producer who blends the mixture. The producer must use or sell the mixture in a trade or business, and the credit is available only for the year the mixture is sold or used. The credit is not allowed for casual off-farm production of a qualified mixture.

3. Lower-Proof Alcohol.—The credit is 45 cents a gallon for alcohol that is less than 190 proof, but at least 150 proof.

D. Definitions and Special Rules.—

1. Alcohol.—Alcohol includes methanol and ethanol but does not include:

- (a) alcohol produced from petroleum, natural gas, or coal (including peat), or
- (b) alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any denaturants (additives that make the alcohol unfit for human consumption). The volume of alcohol includes any denaturant up to 5% of the volume of the alcohol and denaturant combined.

2. Tax If Alcohol Is Not Used As Fuel.—If you determined an alcohol fuel credit and later: (a) used the alcohol or mixture other than as a fuel, (b) separated the alcohol from a mixture, or (c) mixed alcohol on which a credit was allowable on a retail sale, then you must pay a tax of 60 cents for each gallon of alcohol or alcohol in a mixture. If the alcohol is less than 190 proof (but at least 150 proof), the tax is 45 cents a gallon. Report the tax on Form 720, Quarterly Federal Excise Tax Return.

Specific Instructions

Use lines 1 through 9 to figure any alcohol fuel credit from your own trade or business. Skip lines 1 through 9 if you are claiming only a credit that was allocated to you from a flow-through entity (i.e., S corporation, partnership, estate, or trust).

S Corporations, Partnerships, Estates, and Trusts.—Figure the total credit on lines 1 through 11. The line 11 credit is then allocated among the individual shareholders, partners, and beneficiaries in the same way that income and loss are divided.

Line 5.—Examples of fuels exempted from excise tax includes fuel:

- Used on a farm for farming purposes.
- Used in off-highway business use.
- Used as fuel by a state, any political subdivision of a state, or the District of Columbia.
- Used as fuel by a nonprofit educational organization.
- Used in an intercity, local, or school bus.
- Used for certain helicopter uses.

Line 6.—This is the number of gallons of fuel that benefited from either an exemption from the excise tax or a reduced

rate of the excise tax because the fuel contained alcohol.

Line 7.—If you sold or used alcohol or an alcohol mixture as fuel, you may have been entitled to an exemption from excise tax or a reduced rate of excise tax. The alcohol fuel credit on lines 1a and 1b must be reduced to take into account any benefit provided by that exemption or reduced rate.

The revised rates, effective December 1, 1990, are shown in column (b) in parentheses.

Lines 7a and 7b.—Noncommercial aviation is use of an aircraft other than in a business of transporting persons or property for pay.

Lines 7c and 7d.—This includes all other fuels that received an excise tax benefit because the fuels contained alcohol.

The benefit for qualified methanol produced from other than petroleum or natural gas is \$.0605 per gallon effective December 1, 1990; for qualified ethanol it is \$.0545 per gallon.

Line 9.—Include this amount in income, under "Other income" on the appropriate line of your tax return even if you cannot use all the credit because of limitations based on the amount of your tax.

Line 10.—Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary.

Line 11.—If you have more than one of the credits listed in General Instruction B or an alcohol fuel credit from a passive activity, stop here and go to Form 3800.

For an estate or trust, the credit on line 11 is allocated among the beneficiaries in the same manner as the income was allocated. In the margin to the right of line 11, the fiduciary of the estate or trust identifies its share and the beneficiaries' share of the total credit. Complete lines 12 through 19, as applicable, to figure the credit to take on Form 1041. Attach a schedule to Form 6478 showing how the total credit was divided.

If you cannot use part of the credit because of the tax liability limitations, you may carry it back 3 years, then forward. The credit may not be carried to taxable years beginning after December 31, 1994.

Line 16c—Other filers.—Enter the sum of line 14 and your alternative minimum tax from whichever alternative minimum tax form you file.

Line 17.—See section 38(c)(3) for special rules for married couples filing separate returns, for controlled corporate groups, and for estates and trusts.

See section 383 for the limitation on the amount of any excess general business tax credits of a loss corporation for any tax year ending after a post-1986 ownership change that may be used in a post-change year.

Line 19.—If the alcohol fuel credit is not listed separately on your 1990 return, include the credit on the "other credits" or "total credits" line; then, write "ALCOHOL FUEL CREDIT" and the amount on the dotted line to the left of the total amount.