



# **50¢ PER GALLON FEDERAL TAX CREDIT for Propane or Natural Gas Used in Forklifts**

The American Taxpayer Relief Act of 2012 extends the 50-cent-per-gallon federal alternative motor fuel tax credit through December 31, 2013. The Alternative Energy Division--AFRED has prepared the following Q&A for alternative fuel distributors and forklift operators.

**1. Who files for the tax credit for propane or natural gas used in forklifts?**

In most cases, the customer files. Under IRS rules, the entity that buys the fuel and loads the propane or natural gas cylinders onto the forklifts is considered the Alternative Fueller and is eligible to file for the credit.

**2. What IRS forms are needed to claim the credit?**

Each entity wishing to claim the credit must register by filing IRS Form 637. A sample Form 637 is available at [www.propane.tx.gov](http://www.propane.tx.gov). Once approved, the IRS will issue a 637 number with "AL" at the end, indicating IRS authorization to file as an alternative fueller.

Private entities claim the tax refund on their income tax return using IRS Form 4136, "Credit for Federal Tax Paid on Fuels" or Schedule 3 (Form 8849).

State and local government entities submit Form 8849.

Fuel suppliers: the alternative fuel credit must first be taken on Form 720 as a credit against your alternative fuel or compressed natural gas (CNG) tax liability. If you have these tax liabilities and you did not make the claim on Schedule C (Form 720) as a credit against those liabilities, you must first file Form 720X, Amended Quarterly Federal Excise Tax Return, before Form 8849, Schedule 3, can be used for the refund.

**3. Where do I obtain the forms?**

You can download the forms and instructions at [www.irs.gov](http://www.irs.gov). You can view a sample completed Form 637 on AFRED's web site, [www.propane.tx.gov](http://www.propane.tx.gov).

**4. What happens if my tax credit is higher than my income tax owed?**

If your business doesn't have enough tax liability, the remainder of the credit is issued as a refund. If your entity is a nonprofit or governmental unit, the entire amount is issued as a refund.

**5. How long do I have to file for the credit?**

Up to three years, if you file an amended return. NOTE: the claim period for 2010 has closed.

**6. Is there a limit to the amount I can claim?**

No. You must have on file proper documentation of the propane or natural gas purchased and used in the forklift during the period of the claim.

**7. What records do I need?**

You must keep the following records:

- The number of natural gas or propane gallons purchased and used during the period covered by your claim.
- The dates of the purchases.
- The names and addresses of suppliers and amounts purchased from each in the period covered by your claim.
- Maintain records at least 4 years after you filed claim.

You may also call the Internal Revenue Service business and specialty tax line at 1-800-829-4933 with your excise tax questions.



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