

## **Schedule 1 (Form 8849), Nontaxable Use of Fuels (Rev. October 2006)**

**Purpose:** This is the first circulated draft of Schedule 1 (Form 8849) for your review and comments. See below for a discussion of the major changes.

**TPCC Meeting:** None, but one may be arranged if requested.

**Prior Version:** The December 2005 Schedule 1 (Form 8849) is available at:  
<http://www.irs.gov/pub/irs-pdf/f8849s1.pdf>

**Other Products:** Circulations of draft tax forms, instructions, notices, and publications are posted at: [http://taxforms.web.irs.gov/draft\\_products.html](http://taxforms.web.irs.gov/draft_products.html)

**Comments:** Please email, fax, call, or mail any comments by **August 11, 2006**.

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### **Major Changes**

*These changes are based on the Energy Tax Incentives Act of 2005 and the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users or "SAFETEA-LU."*

- We added separate lines for exported taxable fuel. Changes made per IRC 6430. Also see line 9, **Exported Dyed Fuels**, later.
  - Add new line 1b for exported gasoline (Rate = .184 & CRN 411)
  - Add new line 2c for exported aviation gasoline (Rate = .194 & CRN 412)
  - Add new line 3f for exported undyed diesel fuel (Rate = .244 & CRN 413)
  - Add new line 4d for exported undyed kerosene (Rate = .244 & CRN 414)
  
- We added new line 3d for undyed diesel fuel used in trains after December 31, 2006. (Rate = .243 & CRN 353)

- We added new line 7, **Nontaxable Use of Alternative Fuels (after September 30, 2006)** Change made per 6427(a).
  - Line 7a Liquefied petroleum gas (LPG) (Rate = .183 & CRN 419)
  - Line 7b “P series” fuels (Rate = .183 & CRN 420)
  - Line 7c Compressed natural gas (CNG) (Rate = .183 & CRN 421)
  - Line 7d Liquefied hydrogen (Rate = .183 & CRN 422)
  - Line 7e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process (Rate = .243 & CRN 423)
  - Line 7f Liquefied hydrocarbons derived from biomass (Rate = .243 & CRN 424)
  - Line 7g Liquefied natural gas (LNG) (Rate = .243 & CRN 425)
- We added new line 8, **Nontaxable Use of a Diesel-Water Fuel Emulsion.** Change made per 4081(a)(2)(d) and 6427(l).
  - Line 8a Nontaxable use (Rate = .197 & CRN 309)
  - Line 8b Exported (Rate = .198 & CRN 306)
- We added new line 9, **Exported Dyed Fuels.** Change made per IRC 6430.
  - Line 9a Exported dyed diesel fuel (Rate = .001 & CRN 415)
  - Line 9b Exported dyed kerosene (Rate = .001 & CRN 416)
- Under **What’s New**, we added information on the new lines discussed above.
- We added a new section, **Exported taxable fuel**, to describe the required proof of exportation that claimants are required to keep with their records per Regulations sections 48.4221-3(c) and (d); and 48.4041-16.
- As applicable, we added instructions for the new lines. These instructions conform to the approved language used in the Instructions for Form 4136 and Schedule C (Form 720).

**Schedule 1  
(Form 8849)**

(Rev. October 2006)  
Department of the Treasury  
Internal Revenue Service

**Nontaxable Use of Fuels**

▶ Attach to Form 8849.  
▶ See instructions.

OMB No. 1545-1420

Name as shown on Form 8849

EIN or SSN

Total refund (see instructions)  
\$

**Caution:** Claimant has the name and address of the person who sold the fuel to the claimant and the dates of purchase. For claims on lines 1 and 2b (type of use 13 and 14), 3d, 4c, and 5, claimant has not waived the right to make the claim. For claims on lines 1 or 2 (types of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

**Period of claim:** Enter month, day, and year in MMDDYYYY format.

From ▶

To ▶

1 Nontaxable Use of Gasoline	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of refund <i>Multiply col. (b) by col. (c)</i>	(e) CRN
a Gasoline (see <b>Caution</b> above line 1)		\$ .183		\$	362
b Exported		.184			411
<b>2 Nontaxable Use of Aviation Gasoline</b>					
a Use in commercial aviation (other than foreign trade)		\$ .15		\$	354
b Other nontaxable use (see <b>Caution</b> above line 1)		.193			324
c Exported		.194			412

**3 Nontaxable Use of Undyed Diesel Fuel**

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

**Exception.** If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of refund <i>Multiply col. (b) by col. (c)</i>	(e) CRN
a Nontaxable use		\$ .243		\$	360
b Use on a farm for farming purposes		.243			
c Use in trains (before January 1, 2007)		.22			353
d Use in trains (after December 31, 2006)		.243			353
e Use in certain intercity and local buses (see <b>Caution</b> above line 1)		.17			350
f Exported		.244			413

**4 Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)**

Claimant certifies that the kerosene did not contain visible evidence of dye.

**Exception.** If any of the kerosene included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here

**Caution:** Claims cannot be made on line 4 for kerosene sales from a blocked pump. Only registered ultimate vendors may make those claims using Schedule 2.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of refund <i>Multiply col. (b) by col. (c)</i>	(e) CRN
a Nontaxable use		\$ .243		\$	346
b Use on a farm for farming purposes		.243			
c Use in certain intercity and local buses (see <b>Caution</b> above line 1)		.17			347
<del>d Use in trains (after December 31, 2006)</del>		<del>.243</del>			<del>353</del>
d Exported		.244			414

**5 Kerosene Used in Commercial Aviation (Other Than Foreign Trade)**

	(b) Rate	(c) Gallons	(d) Amount of refund <i>Multiply col. (b) by col. (c)</i>	(e) CRN
a Kerosene taxed at \$.244 (see <b>Caution</b> above line 1)	\$ .200		\$	417
b Kerosene taxed at \$.219 (see <b>Caution</b> above line 1)	.175			355

We will insert the column headings for line 6.

<b>6 Nontaxable Use of Liquefied Petroleum Gas (LPG) (before October 1, 2006)</b>						
a	Use in certain intercity and local buses		\$ .062	\$	352	
b	Use in qualified local buses and in school buses		.136		361	
c	Other nontaxable use		.136		395	
<b>7 Nontaxable Use of Alternative Fuels (after September 30, 2006)</b>						
	<b>through the Fischer-Tropsch process</b>	<b>(a) Type of use</b>	<b>(b) Rate</b>	<b>(c) Gallons or gasoline gallon equivalents</b>	<b>(d) Amount of refund</b>	<b>(e) CRN</b>
a	Liquefied petroleum gas (LPG)		\$ .183	\$	419	
b	"P Series" fuels		.183		420	
c	Compressed natural gas (CNG)		.183		421	
d	Liquefied hydrogen		.183		422	
e	Any liquid fuel derived from coal (including peat)		.243		423	
f	Liquid hydrocarbons derived from biomass		.243		424	
g	Liquefied natural gas (LNG)		.243		425	
<b>8 Nontaxable Use of a Diesel-Water Fuel Emulsion</b>						
		<b>(a) Type of use</b>	<b>(b) Rate</b>	<b>(c) Gallons</b>	<b>(d) Amount of refund</b>	<b>(e) CRN</b>
a	Nontaxable use		\$ .197	\$	309	
b	Exported		.198		306	
<b>9 Exported Dyed Fuels</b>						
		<b>(a) Type of use</b>	<b>(b) Rate</b>	<b>(c) Gallons</b>	<b>(d) Amount of refund</b>	<b>(e) CRN</b>
a	Exported dyed diesel fuel		\$ .001	\$	415	
b	Exported dyed kerosene		.001		416	

## Instructions

However, the person that produced the diesel-water fuel emulsion should continue to use Schedule 6.

### What's New

- Claims for the nontaxable use of alternative fuels after September 30, 2006, are made on line 7.
- After September 30, 2006, liquefied petroleum gas (LPG) is considered an alternative fuel. Claims for nontaxable use of LPG before October 1, 2006, are made on line 6. If the nontaxable use occurs after September 30, 2006, the claim must be made on line 7a.
- Claims for the nontaxable use of a diesel-water fuel emulsion are made on line 8. These claims were previously claimed on Schedule 6.
- Claims for exported taxable fuel are made on lines 1b, 2c, 3f, 4d, 9a, and 9b.

### Purpose of Schedule

An ultimate purchaser of certain fuels uses Schedule 1 to make a claim for refund. The fuels for which a claim can be made are listed on the form. The fuel must have been used in a nontaxable use. See *Type of Use* below and the instructions for lines 1 through 9 for more information.

### Claim Requirements

The following requirements must be met:

1. The amount claimed on Schedule 1 must be at least \$750. This amount may be met by:
  - a. Making a claim for fuel used during any quarter of a claimant's income tax year or
  - b. Aggregating amounts from any quarters of the claimant's income tax year for which no other claim has been made.
2. The claim must be filed during the first quarter following the last quarter included in the claim. For example, a claim for the quarters consisting of July through September and October through December must be filed between January 1 and March 31.
3. Only one claim may be filed for a quarter.

**Note:** If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

### Total Refund

Add all amounts in column (d) and enter the result in the total refund box at the top of the schedule.

### Type of Use

The fuel must have been used for one or more of the types of use listed in the instructions for lines 1 through 4 and 6 through 8. The nontaxable uses are listed in the Type of Use Table in the Form 8849 instructions.

**Exported taxable fuel.** The claim rates for exported taxable fuel are listed on lines 1b, 2c, 3f, 4d, 9a, and 9b. Taxpayers making a claim for exported taxable fuel must include with their records proof of exportation. Proof of exportation includes:

- A copy of the export bill of lading issued by the delivering carrier,
- A certificate by the agent or representative of the export carrier showing actual exportation of the fuel,
- A certificate of landing signed by a customs officer of the foreign country to which the fuel is exported, or
- A statement of the foreign consignee showing receipt of the fuel.

### How To File

Attach Schedule 1 to Form 8849. Mail to the IRS at the address under *Where To File* in the Form 8849 instructions.

### Line 1. Nontaxable Use of Gasoline

**Allowable uses.** For line 1a, the gasoline must have been used during the period of claim for type of use 1, 2, 4, 5, 7, 12, 13, 14, or 15. Type of use 2 does not include any personal use or use in a motorboat. See *Types of use 13 and 14* in the Form 8849 instructions.

For line 1b, the gasoline must have been exported during the period of claim (Type of use 3). See *Exported taxable fuel* earlier.

### Line 2. Nontaxable Use of Aviation Gasoline

**Allowable uses.** For line 2b, the aviation gasoline must have been used during the period of claim for type of use 9, 10, 13, 14, 15, or 16. See *Types of use 13 and 14* in the Form 8849 instructions.

For line 2c, the gasoline must have been exported during the period of claim (Type of use 3). See *Exported taxable fuel* earlier.

### Line 3. Nontaxable Use of Undyed Diesel Fuel

**Allowable uses.** For line 3a, the diesel fuel must have been used during the period of claim for type of use 2, 5, 6, 7, 8, 12, 13, 14, or 15. Type of use 8 includes use as heating oil and use in a boat. Type of use 2 does not include any personal use or use in a motorboat. See *Types of use 13 and 14* in the Form 8849 instructions.

For line 3f, the gasoline must have been exported during the period of claim (Type of use 3). See *Exported taxable fuel* earlier.

### Line 4. Nontaxable Use of Undyed Kerosene (Other Than Kerosene Used in Aviation)

**Allowable uses.** For line 4a, the kerosene must have been used during the period of claim for type of use 2, 5, 6, 7, 8, 12, 13, 14, 15, or 16. Type of use 8 includes use as heating oil and use in a boat. Type of use 2 does not include any personal use or use in a motorboat. See *Types of use 13 and 14* in the Form 8849 instructions.

For line 4d, the gasoline must have been exported during the period of claim (Type of use 3). See *Exported taxable fuel* earlier.

### Line 5. Kerosene Used in Commercial Aviation (Other Than Foreign Trade)

~~Claimant: The ultimate purchaser of the kerosene used in commercial aviation (other than foreign trade) is eligible to make this claim.~~

**Allowable uses.** For lines 5a and 5b, claimant certifies that the right to make the claim has not been waived. If the claimant buys kerosene partly for use in commercial aviation and partly for use in noncommercial aviation, see the rules in Notice 2005-80, section 3(e)(3). Only one claim may be filed with respect to any gallon of kerosene used in commercial aviation.

### Line 6. Nontaxable Use of Liquefied Petroleum Gas (LPG) (before October 1, 2006)

**Allowable uses.** For line 6c, the taxed LPG (such as propane or butane) must have been used during the period of claim for type of use 1, 2, 4, 13, 14, or 15.

### Line 7. Nontaxable Use of Alternative Fuels (after September 30, 2006)

**Allowable uses.** The alternative fuel must have been used after September 30, 2006, for type of use 1, 2, 4, 5, 6, 7, 13, 14, or 15.

### Line 8. Nontaxable Use of a Diesel-Water Fuel Emulsion

**Allowable uses.** For line 8a, the diesel-water fuel emulsion must have been used during the period of claim for type of use 1, 2, 7, 8, 12, 13, 14, or 15. For line 8b, the diesel-water fuel emulsion must have been exported during the period of claim (Type of use 3). See *Exported taxable fuel* earlier.

### Line 9. Exported Dyed Fuel

A claim may be made for dyed diesel fuel or dyed kerosene exported during the period of claim. See *Exported taxable fuel* earlier.

