

Tax Year 2006 Work Request Notification

Form 8900, Qualified Railroad Track Maintenance Credit

To:	Symbols:	Initials:	Date:
1. Scanned by:	SE:W:CAR:MP:T:B: <i>[initials]</i>		
2. Section Chief:	SE:W:CAR:MP:T:B: <i>[initials]</i>	<i>RM</i>	10/6/2006
3. Reviewer: <i>Sergei Protzenko</i>	SE:W:CAR:MP:T:B: R	<i>[initials]</i>	10/6/06
4. Review Chief: <i>Ed Mikesell</i>	SE:W:CAR:MP:T:B: R	<i>[initials]</i>	10/12/06
5. Branch Chief: <i>Curt Freeman</i>	SE:W:CAR:MP:T:B	<i>[initials]</i>	10/17
6. Senior Technical Advisor: Bob Erickson	SE:W:CAR:MP:T	<i>BE</i>	10-12-06
7. *TPCC Circulations Email sent to Distribution List by:			
8. Initiator (Tax Law Specialist):	SE:W:CAR:MP:T:B: C	Completed:	

Attached is a marked up draft that can be used to develop any necessary Work Requests for the 2007 processing year. The major changes are as follows:

On Line 3b, we deleted the write-in entry, and revised the text to read as follows (INSERT A):

See instructions for more information, including required statement.

On Line 3c, we deleted the write-in entry, and revised the text to read as follows (INSERT A)

See instructions for more information, including required statement.

This Notification is for changes due to:

- Legislation or other Chief Counsel guidance: **(NEW TEMPORARY REGULATIONS SECTION 1.45-1T)**
- A Program change initiated by:
- We do not anticipate the need for any further changes that would require a Work Request Notification.
- We may need to make further changes that would require a subsequent Work Request Notification.

If you have any questions, please contact the TLS shown below, or the reviewer on line 3 (above).

From: John R. Nelson SE:W:CAR:MP:T:	Initials: <i>[signature]</i>	Room: C7-177	Email: john.r.nelson@irs.gov
	Date: 10/04/06	Phone Number: (202) 283-6949	Fax Number:

Qualified Railroad Track Maintenance Credit

▶ Attach to your tax return.

Attachment
 Sequence No. **144**

Name(s) shown on return

Identifying number

1	Qualified railroad track maintenance expenditures paid or incurred (see instructions)	1		
2	Enter 50% (.50) of line 1		2	
3a	Number of miles of railroad track owned or leased by you (see instructions)	3a		
b	Less: number of miles of railroad track owned or leased by you and assigned to other eligible taxpayers for purposes of this credit. See instructions. INSERT: (A) (below)			
	Enter the name of the assignee (see instructions).			
3b		3b		
c	Number of miles of railroad track assigned to you by the owner or lessee for purposes of this credit. See instructions. INSERT: (A)			
	Enter the name of the assigner (see instructions).			
3c		3c		
3d	Total. Combine lines 3a through 3c		3d	
4	Multiply line 3d by \$3,500		4	
5	Enter the smaller of line 2 or line 4		5	
6	Qualified railroad track maintenance credit from partnerships and S corporations		6	
7	Add lines 5 and 6. Partnerships and S corporations, report this amount on Schedule K; all others, report the credit on the applicable line of Form 3800 (e.g., line 1o of the 2006 Form 3800)		7	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships or S corporations, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1o of the 2006 version of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.
- For tax years beginning in 2006, railroads that assigned track to another railroad, or have been assigned trackage by another railroad, will be required to provide additional information relating to such trackage. See the instructions for more information.

Purpose of Form

Eligible taxpayers use Form 8900 to claim the credit with respect to qualified railroad track maintenance expenditures paid or incurred during tax years beginning after December 31, 2004 and before January 1, 2008.

INSERT: (A)

See instructions for more information, including required statements.

Definitions

Eligible Taxpayer

Eligible taxpayers include:

1. Any Class II or Class III railroad, as these terms are defined by the Surface Transportation Board (STB).
2. Any person (including a Class I railroad (see below)) who transports property using the rail facilities of a Class II or Class III railroad.
3. Any person (including a Class I railroad (see below)) who furnishes railroad-related services or property to a Class II or Class III railroad.

For purposes of 2 or 3 above, the taxpayer is only eligible to claim the credit with respect to miles of railroad track assigned to it by a Class II or Class III railroad for purposes of the credit. See the instructions for line 3c.

Class I railroads include only the following seven entities:

- BNSF,
- CSX,
- Grand Trunk Corporation (a holding company for all of Canadian National's U.S. railroad operations),
- Kansas City Southern,
- Norfolk Southern,
- Soo Line (owned by Canadian Pacific), and
- Union Pacific.