

2007 Form 4136, Credit for Federal Tax Paid on Fuels

Purpose: This is the first circulated draft of the 2007 Form 4136 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 2006 Form 4136 is available at:
<http://www.irs.gov/pub/irs-pdf/f4136.pdf>.

Instructions: The 2007 Instructions for Form 4136 will be circulated at a later date. The 2006 instructions are available at: <http://www.irs.gov/pub/irs-pdf/i4136.pdf>.

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at: http://taxforms.web.irs.gov/draft_products.html.

Comments: Please email, fax, call, or mail any comments by **July 13, 2007**, to me and email the form's reviewer, Ron Gamble, at Ronald.W.Gamble@irs.gov.

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Major Changes

- We deleted the reference to line 9 in the **Caution** above line 1.
- **Line 2.** After September 30, 2007, IRC 4081(d)(2), as modified by the Taxpayer Relief Act of 1997 (P.L. 105-34), reduces the tax rate on aviation gasoline from \$.194 to \$.044 per gallon (\$.043 under IRC 4081(a)(2)(A)(ii) plus \$.001 LUST tax). This change affects the credit rates.
 - 2a:** This credit is not available for aviation gasoline purchased at \$.044 (after September 30, 2007). We added a **Caution** and the second credit rate of \$.000. IRC 6421(f)(2)
 - 2b:** After September 30, 2007, the credit rate is \$.043 (\$.044 less \$.001 LUST). IRC 6421(f)(2)
 - 2c:** After September 30, 2007, the credit rate is \$.044 (LUST is refundable on exported fuel). IRC 6421 & 6430

- Line 3.** The credit rate for undyed diesel fuel used in trains (line 3b, CRN 353) is \$.243. This change was made under IRC 4041(a)(1)(C), as amended by P.L. 108-357.
- Line 4.** We added lines 4e and 4f to capture claims for kerosene purchased at \$.044 and \$.219 (aviation rates). The ultimate purchaser can make a claim on these lines for kerosene used outside the propulsion system of an aircraft. This is a general nontaxable use under IRC 6427(l)(1). This change is being made under Chief Counsel guidance.

 - Line 4e:** Nontaxable use taxed at \$.044; Rate: \$.043; CRN 377
 - Line 4f:** Nontaxable use taxed at \$.219; Rate: \$.218; CRN 369
- Line 5.** Lines 9a and 9b move to lines 5c and 5d with minor editorial changes. After September 30, 2007, IRC 4081(d)(2), as modified by the Taxpayer Relief Act of 1997 (P.L. 105-34), reduces the tax rate on kerosene used in noncommercial aviation from \$.219 to \$.044 per gallon (\$.043 under IRC 4081(a)(2)(C)(ii) plus \$.001 LUST tax). This change affects the credit rates.

 - 5b:** This credit is not available for kerosene purchased at \$.044 (after September 30, 2007). We added a **Caution** and the second credit rate of \$.000. IRC 6427(l)(4)(A)
 - 5d:** After September 30, 2007, the credit rate is \$.043 (\$.044 less \$.001 LUST). IRC 6427(l)(1)
- Line 8.** After September 30, 2007, IRC 4081(d)(2), as modified by the Taxpayer Relief Act of 1997 (P.L. 105-34), reduces the tax rate on kerosene used in noncommercial aviation from \$.219 to \$.044 per gallon (\$.043 under IRC 4081(a)(2)(C)(ii) plus \$.001 LUST tax). This change affects the credit rates.

 - 8a:** This credit is not available for kerosene purchased at \$.044 (after September 30, 2007). We added a **Caution** and the second credit rate of \$.000. IRC 6427(l)(4)(A)
 - 8c:** After September 30, 2007, the credit rate is \$.200 (\$.244 less \$.044). IRC 6427(l)(4)(B)
 - 8e:** After September 30, 2007, the credit rate is \$.043 (\$.044 less \$.001 LUST). IRC 6427(l)(1)
- We deleted lines 9, 10, and 11 because they are no longer required. Line 9 entries were moved to line 5. Line 10 was removed because it was a blank line on the prior form. Line 11 was only applicable to liquefied petroleum gas purchased before October 1, 2006. All subsequent lines are renumbered.

- **Line 13.** After September 30, 2007, IRC 4081(d)(2), as modified by the Taxpayer Relief Act of 1997 (P.L. 105-34), reduces the tax rate on kerosene used in noncommercial aviation from \$.219 to \$.044 per gallon (\$.043 under IRC 4081(a)(2)(C)(ii) plus \$.001 LUST tax). This change affects the credit rates.
13c: After September 30, 2007, the credit rate is \$.043 (\$.044 less \$.001 LUST). IRC 6427(l)(1)
- On line 17, **Total income tax credit claimed**, we deleted the reference to Form 1120-A because this form is obsolete for tax years beginning after 2006.

Department of the Treasury
Internal Revenue Service

▶ See the separate instructions.
▶ Attach this form to your income tax return.

2007
Attachment
Sequence No. **23**

Name (as shown on your income tax return)

Taxpayer identification number

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 1c 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 1c and 2b (type of use 13 and 14), claimant certifies that a certificate has not been provided to the credit card issuer.

1 Nontaxable Use of Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Off-highway business use	\$.183	}	\$	362
b	Use on a farm for farming purposes	.183			
c	Other nontaxable use (see Caution above line 1)	.183			
d	Exported	.184			411

2 Nontaxable Use of Aviation Gasoline

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) Caution. This credit is not available for aviation gasoline taxed at \$.044 (purchased after September 30, 2007).	\$.15/.000*		\$	354
b	Other nontaxable use (see Caution above line 1)	.193/.043*			324
c	Exported	.194/.044*			412

*This rate applies after September 30, 2007.

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 an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use	\$.243	}	\$	360
b	Use on a farm for farming purposes	.243			
c	Use in trains	.243			
d	Use in certain intercity and local buses (see Caution above line 1)	.17			350
e	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 an explanation and check here

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Nontaxable use taxed at \$.244	\$.243	}	\$	346
b	Use on a farm for farming purposes	.243			
c	Use in certain intercity and local buses (see Caution above line 1)	.17			347
d	Exported	.244			414
e	Nontaxable use taxed at \$.044	.043			377
f	Nontaxable use taxed at \$.219	.218			369

5 Kerosene Used in Aviation (see **Caution** above line 1)

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.244	\$.200		\$	417
b	Kerosene used in commercial aviation (other than foreign trade) taxed at \$.219/.044* Caution. <i>This credit is not available for kerosene taxed at \$.044 (purchased after September 30, 2007).</i>	.175/.000*			355
c	Nontaxable use (other than use by state or local government) taxed at \$.244	.243			346
d	Nontaxable use (other than use by state or local government) taxed at \$.219/.044*	.218/.043*			369

*This rate applies after September 30, 2007.

6 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel **Registration No. ▶**

Claimant certifies that it sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. 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 an explanation and check here . . . ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	\$.243		\$	360
b Use in certain intercity and local buses	.17			350

7 Sales by Registered Ultimate Vendors of Undyed Kerosene (Other Than Kerosene For Use in Aviation) **Registration No. ▶**

Claimant certifies that it sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. 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 an explanation and check here . . . ▶

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Use by a state or local government	\$.243	}	\$	346
b Sales from a blocked pump	.243			
c Use in certain intercity and local buses	.17			347

8 Sales by Registered Ultimate Vendors of Kerosene For Use in Aviation **Registration No. ▶**

Claimant sold the kerosene for use in aviation at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained the written consent of the buyer to make the claim. See the instructions for additional information to be submitted.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a	Use in commercial aviation (other than foreign trade) taxed at \$.219/.044* Caution. <i>This credit is not available for kerosene taxed at \$.044 (purchased after September 30, 2007).</i>	\$.175/.000*		\$	355
b	Use in commercial aviation (other than foreign trade) taxed at \$.244	.200			417
c	Nonexempt use in noncommercial aviation	.025/.200*			418
d	Other nontaxable uses taxed at \$.244	.243			346
e	Other nontaxable uses taxed at \$.219/.044*	.218/.043*			369

*This rate applies after September 30, 2007.

9 Alcohol Fuel Mixture Credit

Registration No. ►

Claimant produced an alcohol fuel mixture by mixing taxable fuel with alcohol. The alcohol fuel mixture was sold by the claimant to any person for use as a fuel or was used as a fuel by the claimant.

	(b) Rate	(c) Gallons of alcohol	(d) Amount of credit	(e) CRN
a Alcohol fuel mixtures containing ethanol	\$.51		\$	393
b Alcohol fuel mixtures containing alcohol (other than ethanol)	.60			394

10 Biodiesel or Renewable Diesel Mixture Credit

Registration No. ►

Claimant produced a mixture by mixing diesel fuel with biodiesel or renewable diesel. The biodiesel used to produce the biodiesel mixture must meet ASTM D6751 and be registered with the EPA as a fuel and fuel additive under section 211 of the Clean Air Act. The mixture was sold by the claimant to any person for use as fuel or was used as a fuel by the claimant. Claimant has a certificate from the producer or importer of the biodiesel which identifies the percentage of biodiesel and agri-biodiesel in the product, and has no reason to believe the information is false. See the instructions for line 10 to see if you must attach the certificate.

	(b) Rate	(c) Gallons of biodiesel or renewable diesel	(d) Amount of credit	(e) CRN
a Biodiesel (other than agri-biodiesel) mixtures	\$.50		\$	388
b Agri-biodiesel mixtures	1.00			390
c Renewable diesel mixtures	1.00			307

11 Nontaxable Use of Alternative Fuel

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5). See page 4 in the Instructions for Form 4136 for the credit rate.

	(a) Type of use	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)		\$.183		\$	419
b "P Series" fuels		.183			420
c Compressed natural gas (CNG) (GGE = 126.67 cu. ft.)		.183			421
d Liquefied hydrogen		.183			422
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process		.243			423
f Liquid hydrocarbons derived from biomass		.243			424
g Liquefied natural gas (LNG)		.243			425

12 Alternative Fuel Credit and Alternative Fuel Mixture Credit

Registration No. ►

	(b) Rate	(c) Gallons or gasoline gallon equivalents (GGE)	(d) Amount of credit	(e) CRN
a Liquefied petroleum gas (LPG)	\$.50		\$	426
b "P Series" fuels	.50			427
c Compressed natural gas (CNG) (GGE = 121 cu. ft.)	.50			428
d Liquefied hydrogen	.50			429
e Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	.50			430
f Liquid hydrocarbons derived from biomass	.50			431
g Liquefied natural gas (LNG)	.50			432

13 Registered Credit Card Issuers

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Diesel fuel sold for the exclusive use of a state or local government	\$.243		\$	360
b Kerosene sold for the exclusive use of a state or local government	.243			346
c Kerosene for use in aviation sold for the exclusive use of a state or local government taxed at \$.219/.044*.	.218/.043*			369

*This rate applies after September 30, 2007.

14 Nontaxable Use of a Diesel-Water Fuel Emulsion

Caution. There is a reduced credit rate for use in certain intercity and local buses (type of use 5). See page 4 in the Instructions for Form 4136 for the credit rate.

	(a) Type of use	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Nontaxable use		\$.197		\$	309
b Exported		.198			306

15 Diesel-Water Fuel Emulsion Blending

Registration No. ►

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
Blender credit	\$.046		\$	310

16 Exported Dyed Fuels

	(b) Rate	(c) Gallons	(d) Amount of credit	(e) CRN
a Exported dyed diesel fuel	\$.001		\$	415
b Exported dyed kerosene	.001			416
17 Total income tax credit claimed. Add lines 1 through 16, column (d). Enter here and on Form 1040, line 70 (also check box b on line 70); Form 1120, line 32f(2); Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns. ►			17 \$	