

**Nonconventional Source Fuel Credit**

Department of the Treasury  
Internal Revenue Service

▶ **Attach to your tax return.**  
▶ **See instructions.**

**2008**  
Attachment  
Sequence No. **146**

Name(s) shown on return \_\_\_\_\_ Identifying number \_\_\_\_\_

	(a) Qualified coke and coke gas sold after 12/31/2007 and before 1/1/2009	(b) Qualified coke and coke gas sold after 12/31/2008		
<b>1</b> Date the facility was placed in service _____				
<b>2</b> Barrel-of-oil equivalents . . . . .				
<b>3</b> Enter the product of \$3 multiplied by the inflation adjustment factor. See instructions . . . . .				
<b>4</b> Multiply line 2 by line 3 . . . . .				
<b>5</b> Add columns (a) and (b) on line 4 . . . . .			<b>5</b>	
<b>6a</b> Reduction due to government monies and subsidized financing. Enter the total of government grants, proceeds of tax-exempt government obligations, and subsidized energy financing for the project for this and all prior tax years . . . . .				
<b>b</b> Enter the total of additions to the capital account for the project for this and all prior tax years . . . . .				
<b>c</b> Divide line 6a by line 6b. Show as a decimal to at least 4 places . . . . .				
<b>d</b> Multiply line 5 by line 6c . . . . .			<b>6d</b>	
<b>7</b> Subtract line 6d from line 5 . . . . .			<b>7</b>	
<b>8a</b> Reduction due to energy credit. Enter the total amount allowed under section 38 for this and all prior tax years by reason of the energy percentage with respect to the property used in the project . . . . .				
<b>b</b> Enter the total amount recaptured with respect to the amount entered on line 8a under section 49(b) or 50(a) for this and any prior tax year, and under section 38 for any prior tax year . . . . .				
<b>c</b> Subtract line 8b from line 8a. If zero or less, enter amount from line 7 on line 9 and go to line 10a			<b>8c</b>	
<b>9</b> Subtract line 8c from line 7 . . . . .			<b>9</b>	
<b>10a</b> Reduction due to enhanced oil recovery credit (Form 8830). Enter the total amount allowed for this and all prior tax years by reason of any enhanced oil recovery credit with respect to such project . . . . .				
<b>b</b> Enter the total amount of enhanced oil recovery credit recapture with respect to the amount on line 10a for any prior tax year . . . . .				
<b>c</b> Subtract line 10b from line 10a. If zero or less, enter the amount from line 9 on line 11 and go to line 12			<b>10c</b>	
<b>11</b> Subtract line 10c from line 9 . . . . .			<b>11</b>	
<b>12</b> Nonconventional source fuel credit from partnerships, S corporations, estates, and trusts . . . . .			<b>12</b>	
<b>13</b> Add lines 11 and 12. Estates and trusts, go to line 14; partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1p . . . . .			<b>13</b>	
<b>14</b> Amount allocated to beneficiaries of the estate or trust (see instructions). . . . .			<b>14</b>	
<b>15</b> Estates and trusts: subtract line 14 from line 13. Report this amount on Form 3800, line 1p . . . . .			<b>15</b>	

# General Instructions

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

## What's New

The nonconventional source fuel credit is not allowed for the following fuels sold after 2007.

- Gas produced from biomass.
- Liquid, gaseous, or solid synthetic fuels produced from coal.

## Purpose of Form

Use Form 8907 to figure the nonconventional source fuel credit. The credit is part of the general business credit. This credit is allowed for qualified coke or coke gas you produced and sold to an unrelated person during the tax year.

The coke or coke gas must not be produced in a facility that produces coke or coke gas from petroleum-based products.

Taxpayers that are not partnerships, S corporations, estates, or trusts, 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 1p of Form 3800.

## Coke or Coke Gas

The fuel qualifies for the credit if:

- It is not produced in a facility that produces coke or coke gas from petroleum-based products,
- It is produced by the taxpayer in a facility located in the United States or a U.S. possession that was placed in service before January 1, 1993, or after June 30, 1998, and before January 1, 2010,
- The original use of the facility began with the taxpayer, and
- The fuel is sold during the period beginning on the later of January 1, 2006, or the date the facility is placed in service and ending 4 years after the date the period began.



*You cannot claim the credit for coke or coke gas if the facility used to produce coke or coke gas was used to produce other fuels and a credit for those fuels was allowed for any preceding tax year by section 45K(f) or 29(g), as applicable.*

## Specific Instructions

### Line 1

Enter the date the facility was placed in service. If there is more than one facility, attach a statement showing separately for each facility the type of fuel it produced and the date it was placed in service.

### Line 2

Enter the barrel-of-oil equivalent of the qualified coke or coke gas in the appropriate column. Figure the barrel-of-oil equivalent by:

1. Determining the British Thermal Unit (BTU) value of the amount of qualified coke or coke gas sold during the year using prevailing industry standards, then
2. Dividing the BTU value of the fuel by 5.8 million.



*The average barrel-of-oil equivalent for coke and coke gas cannot exceed 4,000 barrels a day. When determining the average, do not take into account days before the date the facility was placed in service.*

### Line 3

The \$3 amount used to figure the credit must be adjusted by multiplying it by the inflation adjustment factor for qualified coke or coke gas for the calendar year in which the sale occurs.

**Inflation adjustment factor.** The inflation adjustment factor for coke or coke gas for each calendar year is provided in the Internal Revenue Bulletin in April of the following year. The Internal Revenue Bulletin is available at [www.irs.gov/irb](http://www.irs.gov/irb).

### Line 6a

Enter the sum, for this and all prior tax years, of:

- Grants provided by the United States, a state, or a political subdivision of the state for the project;
- Proceeds of a tax-exempt issue of state or local government obligations used to provide financing for the project; and
- The total amount of subsidized energy financing provided directly or indirectly under a federal, state, or local program provided for the project.

### Line 14

**Estates and trusts.** Allocate the amount on line 13 between the estate or trust and the beneficiaries in proportion to the income allocable to each. On line 14, enter the beneficiaries' allocated amount.

**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.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

- Recordkeeping** . . . . . 9 hr., 48 min.
- Learning about the law or the form** . . . . . 57 min.
- Preparing and sending the form to the IRS** . . . . . 2 hr., 22 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.