

Alcohol and Cellulosic Biofuel Fuels Credit

Department of the Treasury
Internal Revenue Service

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

Attachment
Sequence No. **83**

Name(s) shown on return

Identifying number

Caution: You cannot claim any amounts on Form 6478 that you claimed (or will claim) on Schedule C (Form 720), Form 8849, or Form 4136.

Type of Fuel	(a) Number of Gallons Sold or Used	(b) Rate *	(c) Column (a) x Column (b)
1 Qualified ethanol (other than cellulosic biofuel) fuel production (see instructions for election)	1	\$.10	
2 Alcohol (other than cellulosic biofuel) 190 proof or greater sold or used before 2009	2	\$.51	
3 Alcohol (other than cellulosic biofuel) 190 proof or greater sold or used after 2008	3	\$.45	
4 Alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof sold or used before 2009	4	\$.3778	
5 Alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof sold or used after 2008	5	\$.3333	
6 Cellulosic biofuel produced and sold or used after 2008	6	\$1.01	
7 Alcohol (other than cellulosic biofuel) 190 proof or greater in an alcohol fuel mixture sold or used before 2009	7	\$.51	
8 Alcohol (other than cellulosic biofuel) 190 proof or greater in an alcohol fuel mixture sold or used after 2008	8	\$.45	
9 Alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof in an alcohol fuel mixture sold or used before 2009	9	\$.3778	
10 Alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof in an alcohol fuel mixture sold or used after 2008	10	\$.3333	
11 Cellulosic biofuel in a cellulosic biofuel fuel mixture produced and sold or used after 2008	11	\$1.01	
12 Add the amounts in column (c) on lines 1 through 11. Include this amount in your income for 2008 (see instructions)			12
13 Alcohol and cellulosic biofuel fuels credit from a partnership, S corporation, cooperative, estate, or trust (see instructions)			13
14 Add lines 12 and 13. Partnerships and S corporations, report this amount on Schedule K. All others, go to line 15			14
15 Alcohol and cellulosic biofuel fuels credit included on line 14 from passive activities (see instructions)			15
16 Subtract line 15 from line 14			16
17 Alcohol and cellulosic biofuel fuels credit allowed for 2008 from a passive activity (see instructions)			17
18 Carryforward from 2007 of the alcohol fuel credit and carryback from 2009 of the alcohol and cellulosic biofuel fuels credit (see instructions)			18
19 Add lines 16 through 18. Cooperatives, estates, and trusts, go to line 20. All others, report this amount on Form 3800, line 29c			19
20 Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)			20
21 Cooperatives, estates, and trusts. Subtract line 20 from line 19. Report this amount on Form 3800, line 29c			21

*Only the rate for ethanol is shown. See instructions for lines 2 through 5 and 7 through 10 for rates for alcohol other than ethanol.

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Form 6478 (2008)

Instructions for Form 6478



Department of the Treasury
Internal Revenue Service

(Rev. December 2008)

Alcohol and Cellulosic Biofuel Fuels Credit

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

General Instructions

What's New

- The cellulosic biofuel producer credit is added to the credit by the Food, Conservation, and Energy Act of 2008. Thus, the name of the credit and the form is changed to "Alcohol and Cellulosic Biofuel Fuels Credit."
- The form is separated from the instructions for the December 2008 revision.
- The tax liability limit is no longer figured on this form; instead, it must be figured on Form 3800, General Business Credit.

Purpose of Form

Use Form 6478 to figure your alcohol and cellulosic biofuel fuels credit. You claim the credit for the tax year in which the sale or use occurs. This credit consists of the:

- Alcohol mixture credit,
- Alcohol credit,
- Small ethanol producer credit, and
- Cellulosic biofuel producer credit.

You may claim or elect not to claim the alcohol and cellulosic biofuel fuels credit at any time within 3 years from the due date of your return (determined without regard to extensions) on either an original or an amended return for the tax year of the sale or use.



Before claiming a credit on Form 6478, the alcohol fuel mixture credit must be taken against any section 4081 liability on Form 720. Any credit in excess of the section 4081 liability can be taken as a claim for payment on Form 8849 or an income tax credit on Form 4136.

Definitions and Special Rules

Qualified Ethanol Fuel Production

This is ethanol produced by an eligible small ethanol producer (defined below) which during the tax year:

1. Does not exceed 15 million gallons (not counting any qualified cellulosic biofuel production defined below);
2. Is sold by the producer to another person—
 - For use by the buyer in the buyer's trade or business to produce a qualified mixture (other than casual off-farm production),
 - For use by the buyer as a fuel in a trade or business, or
 - Who sells the ethanol at retail to another person and puts the ethanol in the retail buyer's fuel tank; or
3. Is used or sold by the producer for any purpose described in 2 above.

Qualified Cellulosic Biofuel Fuel Production

This is any cellulosic biofuel produced after 2008, and during the tax year:

1. Is sold by the producer to another person—
 - For use by the buyer in the buyer's trade or business to produce a qualified cellulosic biofuel mixture (other than casual off-farm production),
 - For use by the buyer as a fuel in a trade or business, or
 - Who sells the cellulosic biofuel at retail to another person and puts the cellulosic biofuel in the retail buyer's fuel tank.

2. Does not include any alcohol which is purchased by the producer if the producer increases the proof of the alcohol by additional distillation.

3. Is used or sold by the producer for any purpose described in 1 above.

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Eligible Small Ethanol Producer

This is a person who, at all times during the tax year, has a productive capacity for alcohol of 60 million gallons or less. This capacity includes alcohol made from petroleum, natural gas, coal, peat, and alcohol of less than 150 proof.

Alcohol

Alcohol, for credit purposes, includes ethanol and methanol but does not include the following.

- Alcohol produced from petroleum, natural gas, or coal (including peat). Methanol produced from methane gas formed in waste disposal sites is not alcohol produced from natural gas, and is included for credit purposes.
- Alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any denaturants (additives that make the alcohol unfit for human consumption). The volume of alcohol includes any denaturant up to 5% (2% for fuel sold or used after 2008) of the volume of the alcohol and denaturant combined.

The alcohol must not be a mixture with gasoline or a special fuel (other than as a denaturant). The credit is for alcohol which during the tax year you:

- Used as a fuel in a trade or business, or
- Sold at retail to another person and put in the fuel tank of that person's vehicle.

However, no credit is allowed for alcohol you used as a fuel in a trade or business if that alcohol was sold in a retail sale described above.

Cellulosic Biofuel

Cellulosic biofuel, for credit purposes, means any liquid fuel produced after 2008, which:

- Is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis, and
- Meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545), and
- Is not alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any denaturants (additives that make the alcohol unfit for human consumption).

Alcohol or Cellulosic Biofuel Fuel Mixture

The alcohol or cellulosic biofuel must be used to make a qualified mixture. A qualified alcohol mixture combines alcohol with gasoline or a special fuel. A qualified cellulosic biofuel mixture combines cellulosic biofuel with gasoline or a special fuel. The producer of the mixture either:

- Used it as fuel, or
- Sold it as fuel to another person.

The credit is available only to the producer who blends the mixture. The producer must use or sell the mixture in a trade or business and the credit is available only for the year the mixture is sold or used. The credit is not allowed for casual off-farm production of a qualified mixture.

Registration

All producers and importers of alcohol with a proof of at least 190 and all producers of cellulosic biofuel must be registered with the IRS. See Form 637, Application for Registration (For Certain Excise Tax Activities).

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Coordination With Excise Tax Credit

Only one credit may be taken with respect to any gallon of alcohol or cellulosic biofuel in a mixture reported on Form 6478. If any amount is claimed (or will be claimed) with respect to any gallon of alcohol or cellulosic biofuel on Form 720, Quarterly Federal Excise Tax Return; Form 8849, Claim for Refund of Excise Taxes; or Form 4136, Credit for Federal Tax Paid on Fuels; then a claim cannot be made on Form 6478 for that gallon of alcohol or cellulosic biofuel.

Recapture of Credit

You must pay a tax on each gallon of alcohol or cellulosic biofuel (or the alcohol or cellulosic biofuel in the mixture) at the rate you used to figure the credit if you:

- Separate the alcohol or cellulosic biofuel from the mixture,
- Use the mixture other than as a fuel,
- Mix alcohol or cellulosic biofuel on which the credit was allowed for the retail sale,
- Use the alcohol or cellulosic biofuel other than as a fuel, or
- Do not use the fuel for the purposes described under *Qualified Ethanol Fuel Production*.

Report the tax on Form 720.

Specific Instructions

Note. We have shown in column (b) the rate for ethanol only. If you have a credit for alcohol other than ethanol, enter in column (b) the applicable rate shown in the instructions for lines 2 through 5, and 7 through 10.

Use lines 1 through 11 to figure any alcohol and cellulosic biofuel fuels credit from your own trade or business.

Line 1

Enter the number of gallons of ethanol, up to 15 million gallons, that meet the conditions listed under *Qualified Ethanol Fuel Production* on page 2. Multiply by the rate of 10 cents per gallon.

Important: The amount of the credit determined for lines 2 through 11 below with respect to alcohol in qualified mixtures must be reduced by the excise tax benefit for qualified methanol or ethanol fuel reflected on Form 720. See sections 40(c) and 4041(b)(2).

Line 2

Enter the number of gallons of alcohol (other than cellulosic biofuel) that is 190 proof or greater sold or used before 2009. For alcohol other than ethanol, the rate is 60 cents per gallon.

Line 3

Enter the number of gallons of alcohol (other than cellulosic biofuel) 190 proof or greater sold or used after 2008. For alcohol other than ethanol, the rate is 60 cents per gallon.

Line 4

Enter the number of gallons of alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof sold or used before 2009. For alcohol other than ethanol, the rate is 45 cents per gallon.

Line 5

Enter the number of gallons of alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof sold or used after 2008. For alcohol other than ethanol, the rate is 45 cents per gallon.

Line 6

Enter the number of gallons of cellulosic biofuel produced and sold or used after 2008.

Line 7

Enter the number of gallons of alcohol (other than cellulosic biofuel) 190 proof or greater in a qualified mixture (a mixture of alcohol and gasoline or alcohol and a special fuel) sold or used before 2009. For alcohol other than ethanol, the rate is 60 cents per gallon.

Line 8

Enter the number of gallons of alcohol (other than cellulosic biofuel) 190 proof or greater in a qualified mixture (a mixture of alcohol and gasoline or alcohol and a special fuel) sold or used after 2008. For alcohol other than ethanol, the rate is 60 cents per gallon.

Line 9

Enter the number of gallons of alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof in a qualified mixture (a mixture of alcohol and gasoline or alcohol and a special fuel) sold or used before 2009. For alcohol other than ethanol, the rate is 45 cents per gallon.

Line 10

Enter the number of gallons of alcohol (other than cellulosic biofuel) less than 190 proof but at least 150 proof in a qualified mixture (a mixture of alcohol and gasoline or alcohol and a special fuel) sold or used after 2008. For alcohol other than ethanol, the rate is 45 cents per gallon.

Line 11

Enter the number of gallons of cellulosic biofuel in a qualified mixture (a mixture of cellulosic biofuel and gasoline or of cellulosic biofuel and a special fuel) produced and sold or used after 2008.

Line 12

The total credit shown in column (c) on lines 1 through 11, must be included in income under "other income" on the applicable line of your income tax return, even if you cannot use all of the credit because of the tax liability limit. However, if you are subject to the alternative minimum tax (AMT), this amount is not income in computing AMT and must be subtracted when figuring your alternative minimum taxable income. Do this by including this amount on line 26 of Form 6251, line 23 of Schedule I (Form 1041), or line 2o of Form 4626.

Line 13

Enter the amount of credit that was allocated to you as a partner, shareholder, patron, or beneficiary.

If your credit from a pass-through entity includes the small ethanol producer credit, you, as a partner, shareholder, patron, or beneficiary, are subject to the 15-million-gallon limitation for line 1 and the 60-million-gallon productive capacity limitation for an eligible small ethanol producer. If you receive a small ethanol producer credit from more than one entity, your credit may be limited.

Line 14

If the credit includes the small ethanol producer credit, the partnership (other than an electing large partnership) or S corporation must provide the following additional information:

- The amount of the small ethanol producer credit included as part of the pass-through credit;
- The number of gallons claimed at the entity level for the small ethanol producer credit; and
- The productive capacity of the entity.

Line 15

Enter the amount included on line 6 that is from a passive activity. Generally, a passive activity is a trade or business in which you did not materially participate. Rental activities are generally considered passive activities, whether or not you materially participate. For details, see Form 8582-CR, Passive Activity Credit Limitations (for individuals, trusts, and estates), or Form 8810, Corporate Passive Activity Loss and Credit Limitations (for corporations).

Line 17

Enter the passive activity credit allowed for the 2008 alcohol and cellulosic biofuel fuels credit from Form 8582-CR or Form 8810.

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Line 18

Carryforward. Use line 18 to show any carryforward of the credit from 2007. For carryforwards of the credit from years prior to 2005, show such carryforwards on line 6 of Form 3800.

Carryback. Use line 18 to show any carryback if you amend your 2008 return to carry back an unused credit from 2009.

Line 20

Estate or trust. Allocate the alcohol and cellulosic biofuel fuels credit on line 19 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries' share on line 20.

If the credit includes the small ethanol producer credit, the estate or trust must provide the following additional information:

- The amount of the small ethanol producer credit included as part of the pass-through credit;
- The number of gallons claimed by the estate or trust for the small ethanol producer credit; and
- The productive capacity of the estate or trust.

Cooperative election to allocate the small ethanol or the cellulosic biofuel producer credit to patrons. A cooperative described in section 1381(a) can elect to allocate any part of the small ethanol or the cellulosic biofuel producer credit to patrons of the cooperative. To make the election, attach a statement to the effect that the cooperative elects to allocate the credit pro rata among the patrons eligible to share in patronage dividends on the basis of the quantity or value of business done with or for the patrons for the tax year.

The election is not effective unless:

- The statement described above is attached to the timely filed tax return (including extensions) for the tax year associated with the election. However, if you already made the election on a tax return filed before June 15, 2006, but failed to attach the required statement to that tax return, attach the statement to your next filed return.
- A cooperative designates the apportionment in a written notice mailed to its patrons during the payment period described in section 1382(d).

A cooperative electing to allocate any part of the small ethanol producer credit must also provide to its patrons the following additional information:

- The number of gallons claimed by the cooperative.
- The productive capacity of the cooperative.

If you timely filed your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Write "Filed pursuant to section 301.9100-2" on the amended return.

Once made, the election cannot be revoked.

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 X hr., XXmin.
Learning about the law or the form XX min.
Preparing and sending the form to the IRS XX 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.