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This is an early release draft of an IRS tax form, instructions, or publication, which the IRS is providing for your information. **Do not file draft forms** and do **not** rely on draft forms, instructions, and pubs for filing. We incorporate all significant changes to forms posted with this coversheet. However, unexpected issues occasionally arise, or legislation is passed—in this case, we will post a new draft of the form to alert users that changes were made to the previously posted draft. Thus, there are never any changes to the last posted draft of a form and the final revision of the form. Forms and instructions are subject to OMB approval before they can be officially released, so we post drafts of them until they are approved. Drafts of instructions and pubs usually have some additional changes before their final release. Early release drafts are at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms) and remain there after the final release is posted at [IRS.gov/LatestForms](https://www.irs.gov/LatestForms). Also see [IRS.gov/Forms](https://www.irs.gov/Forms).

Most forms and publications have a page on IRS.gov: [IRS.gov/Form1040](https://www.irs.gov/Form1040) for Form 1040; [IRS.gov/Pub501](https://www.irs.gov/Pub501) for Pub. 501; [IRS.gov/W4](https://www.irs.gov/W4) for Form W-4; and [IRS.gov/ScheduleA](https://www.irs.gov/ScheduleA) for Schedule A (Form 1040), for example, and similarly for other forms, pubs, and schedules for Form 1040. When typing in a link, type it into the address bar of your browser, not a Search box on IRS.gov.

If you wish, you can submit comments to the IRS about draft or final forms, instructions, or pubs at [IRS.gov/FormsComments](https://www.irs.gov/FormsComments). Include “NTF” followed by the form or pub number (for example, “NTF1040”, “NTFW4”, “NTF501, etc.) in the body of the message to route your message properly. We cannot respond to all comments due to the high volume we receive and may not be able to consider many suggestions until the subsequent revision of the product, but we will review each “NTF” message. If you have comments on reducing paperwork and respondent (filer) burden, with respect to draft or final forms, please respond to the relevant information collection through the Federal Register process; for more info, click [here](#).

Instructions for Form 8900

(Rev. December 2023)



Department of the Treasury
Internal Revenue Service

Qualified Railroad Track Maintenance Credit

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

Future Developments

For the latest information about developments related to Form 8900 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8900](https://www.irs.gov/Form8900).

What's New

Credit made permanent. The qualified railroad track maintenance credit was extended to cover qualified railroad track maintenance expenditures paid or incurred in all tax years beginning after 2022.

Credit rate reduced to 40%. For tax years beginning after 2022, the credit rate on line 2 of Form 8900 was reduced from 50% to 40%.

Class I railroads. In 2023, Canadian Pacific merged with Kansas City Southern reducing the list of Class I railroads from seven to six entities. See [Eligible taxpayers](#).

Which Revision To Use

Use the December 2023 revision of Form 8900 for tax years beginning in 2023 or later, until a later revision is issued. The December 2023 revision reflects the new 40% credit rate discussed earlier. Use prior revisions of the form and instructions for earlier tax years. All revisions are available at [IRS.gov/Form8900](https://www.irs.gov/Form8900).

General Instructions

Who Must File

Eligible taxpayers use Form 8900 to claim the railroad track maintenance credit (RTMC) for qualified railroad track maintenance expenditures (QRTME) paid or incurred during the tax year. If you are an assignor of miles of eligible railroad track, you must file Form 8900 even if you do not claim any RTMC. See the instructions for line 3b for the additional information that must be provided by assignors.

Partnerships and S corporations must file this form to claim the credit. All other taxpayers are not required to complete or file this form if their only source for this credit is a partnership or S corporation. Instead, they can report this credit directly on line 4g in Part III of Form 3800, General Business Credit.

Definitions

Eligible taxpayers. Eligible taxpayers include the following.

1. Any Class II or Class III railroad, as these terms are defined by the Surface Transportation Board.

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 for miles of eligible 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 six entities.

- BNSF.
- Canadian National.
- Canadian Pacific Kansas City.
- CSX.
- Norfolk Southern.
- Union Pacific.

Rail facilities. Rail facilities of a Class II or Class III railroad are railroad yards, tracks, bridges, tunnels, wharves, docks, stations, and other related assets that are used in the transport of freight by a railroad and owned or leased by that railroad.

Railroad-related property. Railroad-related property is property that is provided directly to a Class II or Class III railroad and is unique to railroads. For a complete description, see Regulations section 1.45G-1(b)(7).

Railroad-related services. Railroad-related services are services that are provided directly to, and are unique to, a railroad and that relate to railroad shipping, loading and unloading of railroad freight, or repairs of rail facilities or railroad-related property. For examples of what are and what are not railroad-related services, see Regulations section 1.45G-1(b)(8).

Eligible railroad track. Eligible railroad track is railroad track located within the United States that is owned or leased by a Class II or Class III railroad at the close of its tax year. The railroad is treated as owning the railroad track if it is subject to depreciation under section 167 by the railroad. Double track is treated as multiple lines of railroad track, rather than as a single line of railroad track. That is, 1 mile of single track is 1 mile, but 1 mile of double track is 2 miles.

Qualifying railroad structure. Qualifying railroad structure is property located within the United States that includes, in part, tunnels, bridges, and railroad track. For a complete description, see Regulations section 1.45G-1(b)(4).

Qualified railroad track maintenance expenditures (QRTME). QRTME are expenditures (whether or not otherwise chargeable to a capital account) for maintaining, repairing, and improving a qualifying railroad structure that is owned or leased as of January 1, 2015, by a Class II or Class III railroad. If you paid or incurred

QRTME during the tax year, you do not have to reduce that QRTME by any amount of direct or indirect reimbursement to which you are entitled from a Class II or Class III railroad which made an assignment of eligible railroad track to you.

Adjustments to Basis

Some or all of the QRTME paid or incurred by an eligible taxpayer may be required to be capitalized as a tangible asset or an intangible asset, if applicable. See Regulations section 1.45G-1(e)(1).

Use the amount of RTMC to reduce the basis of a qualifying railroad structure (including railroad track) asset or intangible asset, if applicable. The reduction is limited to the amount of QRTME capitalized for the asset. For further details, see Regulations section 1.45G-1(e)(2).

Member of Controlled Group or Business Under Common Control

For purposes of figuring the credit, all members of a "controlled group of corporations" and all members of a "group of businesses under common control" are treated as a single taxpayer. See Regulations section 1.45G-1(f)(2) for a definition of these terms. As a member, your credit is determined on a proportionate basis to your share of the aggregate QRTME taken into account by the group for the RTMC. Enter your share of the credit on line 5. Attach a statement showing how your share of the credit was figured, and write "See Attached" next to the entry space for line 5.

Specific Instructions

Line 1

Qualified railroad track maintenance expenditures must be paid or incurred by an eligible taxpayer during the tax year.

The payment by an eligible taxpayer, as an assignee, to a Class II or Class III railroad, as an assignor, in exchange for an assignment of miles of eligible railroad track for purposes of the credit computation is treated as QRTME paid or incurred by the assignee and not the assignor.

Line 3a

(This line only applies to you if you are a Class II or Class III railroad.)

Enter the number of eligible railroad track miles (see *Eligible railroad track*, earlier) owned or leased by you.

Line 3b

(This line only applies to you if you are a Class II or Class III railroad.)

You must reduce on line 3b the number of miles of eligible railroad track entered on line 3a that you assigned to another eligible taxpayer for purposes of the credit computation. You can only assign each mile of railroad track once during your tax year. Each mile of railroad track you assign is treated as being assigned on the last day of your tax year.

An assigned mile of eligible railroad track need not correspond to any specific mile of eligible railroad track for which the eligible taxpayer actually pays or incurs the QRTME. Further, an assignment requires no transfer of legal title or other indicia of ownership of the eligible railroad track, and need not specify the location of any assigned mile of eligible railroad track. However, the following information must be provided for the assignment in the form of a statement attached to the tax return for the tax year for which the assignment is made.

- The name and taxpayer identification number of each assignee.
- The total number of miles of the assignor's eligible railroad track.
- The number of miles of eligible railroad track assigned by the assignor for the tax year to the assignee.
- The total number of miles of eligible railroad track assigned by the assignor for the tax year to all assignees.

Line 3c

The following information must be provided for the assignment in the form of a statement attached to the tax return for the tax year for which the assignment is made.

- The total number of miles of eligible railroad track assigned to the assignee for the assignee's tax year.
- Attestation that the assignee has in writing, and has retained as part of the assignee's records for purposes of Regulations section 1.6001-1(a), the following information from each assignor.

1. The name and taxpayer identification number of each assignor.
2. The effective date of each assignment (treated as being made by the assignor at the end of its tax year) to the assignee.
3. The number of miles of eligible railroad track assigned by each assignor to the assignee for the tax year of the assignee.

Notes

- The assignee cannot reassign miles.
- If the assignor, in its required statement (see the instructions for line 3b above), assigns more miles than it has at the end of its tax year, the excess will be used to reduce each assignee's allocation in the same proportion as the assignee's original allocation of miles bears in relation to the total miles originally assigned.

Line 6

Enter total qualified railroad track maintenance credits from:

- Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., box 15 (code AJ); and
- Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., box 13 (code AJ).

Partnerships and S corporations report the above credits on line 6. All other filers figuring a separate credit on earlier lines also report the above credits on line 6. All others not using earlier lines to figure a separate credit can report the above credits directly on Form 3800, Part III, line 4g.

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 and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping	4 hr., 4 min.
Learning about the law or the form	0 hr., 53 min.
Preparing and sending the form to the IRS	1 hr., 00 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.

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October 5, 2023