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# Instructions for Form 8864



(Rev. December 2025)

## Biodiesel, Renewable Diesel, or Sustainable Aviation Fuels Credit

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

### Future Developments

For the latest information about developments related to Form 8864 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8864](https://www.irs.gov/Form8864).

### What's New

**Small agri-biodiesel producer credit extension.** P. L. 119-21, commonly known as the One Big Beautiful Bill Act, extended and modified the section 40A small agri-biodiesel producer credit. The credit is extended through December 31, 2026. Don't claim the small agri-biodiesel producer credit for fuel sold or used after 2026.

**Qualified agri-biodiesel fuel.** For fuel sold or used after June 30, 2025, the qualified agri-biodiesel fuel must be exclusively derived from feedstock that was produced or grown in the United States, Mexico, or Canada.

**Credit rates.** For fuel sold or used from January 1, 2025, through June 30, 2025, the credit rate is \$.10 per gallon. For fuel sold or used after June 30, 2025, but before January 1, 2027, the rate increases to \$.20 per gallon.

**Transfer of the small agri-biodiesel producer credit.** P. L. 119-21 allows a section 6418 transfer election for fuel sold or used after June 30, 2025. Eligible taxpayers, partnerships, and S corporations can elect to transfer all or part of the credit amount otherwise allowed as a general business credit to an unrelated third-party buyer in exchange for cash. Eligible taxpayers don't include applicable entities. See [Credit transfers](#), later.

**Pre-filing registration requirement for credit transfers.** The IRS has established a pre-filing registration process that must be completed prior to electing to transfer the small agri-biodiesel producer credit. See [Pre-filing registration requirement for transfers](#), later.

### Reminders

**Expired credits.** The credit period for the section 40A biodiesel credit, biodiesel mixture credit, and renewable diesel credit, and the section 40B sustainable aviation fuels credit, expired for fuel sold or used after December 31, 2024.

## General Instructions

### Purpose of Form

Use Form 8864 to claim the section 40A small agri-biodiesel producer credit. Claim the credit for the tax year in which the sale or use occurs.

Use the December 2025 Form 8864 to report any biodiesel, renewable fuel, or sustainable aviation fuel (SAF) credit you received from a fiscal-year partnership, S corporation, cooperative, estate, or trust whose tax year began in 2024 (when the credit was still available) and ends during your 2025 tax year.

Partnerships, S corporations, cooperatives, estates, and trusts must file this form to claim the credit. All other taxpayers aren't required to complete or file this form if their only source for this credit is a partnership, S corporation, cooperative, estate, or trust. Instead, they can report this credit directly on the appropriate line of Form 3800, General Business Credit.

**Credit transfers.** Under section 6418, eligible taxpayers, partnerships, and S corporations can elect to transfer all or part of the credit figured to an unrelated third-party buyer in exchange for cash. For more information on credit transfers, see *Transfer of Eligible Credits Under Section 6418* in the Instructions for Form 3800.

**Pre-filing registration requirement for transfers.** Before you file your tax return, if you intend to make a transfer election on Form 3800 for the credit, you must complete a pre-filing registration. To register, go to [IRS.gov/REGISTER for Elective Payment or Transfer of Credits](https://www.irs.gov/_REGISTER_for_Elective_Payment_or_Transfer_of_Credits). See Pub. 5884, Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS) Pre-Filing Registration Tool, for more information. Also, see *Registering for and Making EPEs and Transfer Elections* in the Instructions for Form 3800.

## Definitions and Special Rules

### Agri-Biodiesel

Agri-biodiesel means biodiesel derived solely from virgin oils, including esters derived from virgin vegetable oils from corn, soybeans, sunflower seeds, cottonseeds, canola, crambe, rapeseeds, safflowers, flaxseeds, rice bran, mustard seeds, and camelina; and from animal fats.

### Qualified Agri-Biodiesel Production

Qualified agri-biodiesel production means up to 15 million gallons of agri-biodiesel that is produced by an eligible small agri-biodiesel producer (defined below), and that during the tax year:

1. Is sold by such producer to another person:
  - a. For use by such person in the production of a qualified biodiesel mixture in such other person's trade or business (other than casual off-farm production),
  - b. For use by such person as a fuel in a trade or business, or
  - c. Who sells such agri-biodiesel at retail to another person and places such agri-biodiesel in the fuel tank of such other person; or

2. Is used or sold by such producer for any purpose described in (1).

3. If sold or used after June 30, 2025, is exclusively derived from a feedstock that was produced or grown in the United States, Mexico, or Canada.

**Note:** Production of renewable diesel isn't qualified agri-biodiesel production.

**Eligible small agri-biodiesel producer.** An eligible small agri-biodiesel producer is a person who, at all times during the tax year, has a productive capacity for agri-biodiesel not in excess of 60 million gallons.

**Aggregation rule.** All members of the same controlled group of corporations (see section 267(f)) and all persons under common control (see section 52(b) but treat an interest of more than 50% as a controlling interest) are treated as one person for purposes of the 15- and 60-million-gallon limits.

**Partnership, S corporation, and other pass-through entities.** The 15- and 60-million-gallon limits discussed above are applied at both the entity level and at the partner or similar level.

## Registration

To claim the small agri-biodiesel producer credit, all producers and importers must be registered with the IRS. All persons producing blended taxable fuel must be registered. See Form 637, Application for Registration.

## Recapture of Credit

You must pay a tax (recapture) on each gallon of biodiesel or renewable diesel on which a credit was claimed at the rate used to figure the credit if you:

- Use it (including a mixture) other than as a fuel;
- Buy it at retail and use it to create a mixture;
- Separate it from a mixture; or
- Use agri-biodiesel on which the small agri-biodiesel producer credit was claimed for a use not described under *Qualified Agri-Biodiesel Production*, earlier.

Report the tax on Form 720, Part II, IRS No. 117, for the quarter in which you did any of the above.

## Additional Information

See Pub. 510, Excise Taxes.

# Specific Instructions

## Line A

If applicable, enter your pre-filing registration number that you received from the IRS. See [Pre-filing registration requirement for transfers](#).

## Lines 1, 2, 3, 4, 5, and 6

These lines are now shown as "Reserved for future use."

## Line 7

Use this line to figure the qualified agri-biodiesel for fuel sold or used before July 1, 2025. The credit rate is \$.10 per gallon from January 1, 2025, through June 30, 2025.

## Line 8

Use this line to figure the qualified agri-biodiesel for fuel sold or used after June 30, 2025, but before January 1, 2027. The credit rate is \$.20.

## Line 9

Include this amount in income, under "other income" on the applicable line of your income tax return, even if you can't use all of the credit because of the tax liability limit. However, if you're subject to alternative minimum tax (AMT), this amount isn't income in figuring AMT and must be subtracted when figuring your alternative minimum taxable income. Do this by including this amount on the appropriate line of:

- Form 6251, Alternative Minimum Tax—Individuals
- Form 1041, Schedule I

## Line 10

Use line 10 only if you've received a credit that was allocated to you from a pass-through entity (an S corporation, partnership, estate, trust, or cooperative).

If you are allocated a small agri-biodiesel producer credit from a pass-through entity, the entity must tell you the number of gallons for which it claimed the credit and its productive capacity for agri-biodiesel. You, as a shareholder, partner, beneficiary, or patron are subject to the 15-million-gallon limitation for qualified agri-biodiesel production and the 60-million-gallon productive capacity limitation for an eligible small agri-biodiesel producer.

## Line 11

Report this amount on Form 3800, Part III, line 11. However, if the amount on line 10 includes the SAF credit, report the amount of the SAF credit on Form 3800, Part III, line 1ff.

## Line 12

A cooperative, estate, or trust allocating the small agri-biodiesel credit must give the patron or beneficiary a statement providing them with the number of gallons for which it claimed the credit and its productive capacity for agri-biodiesel. An estate or trust must also provide the amount of the small agri-biodiesel credit included as part of the pass-through credit. See the instructions for line 10 above.

**Cooperatives.** A cooperative described in section 1381(a) can elect to allocate any part of the small agri-biodiesel producer credit to patrons of the cooperative. The credit is allocated 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.

If the cooperative is subject to the passive activity rules, include on line 10 any Form 8864 credits from passive activities disallowed for prior years and carried forward to this year. Complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to determine the allowed producer credits that can be allocated to patrons. For details, see the Instructions for Form 8810.

The cooperative is deemed to have made the election by completing line 12. However, the election isn't effective unless:

- It's made on a timely filed return (including extensions); and
- The cooperative designates the apportionment in a written notice or Form 1099-PATR, Taxable Distributions Received From Cooperatives, mailed to its patrons during the payment period described in section 1382(d).

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). Enter "Filed pursuant to section 301.9100-2" on the amended return.

Once made, the election can't be revoked.

**Estates and trusts.** Allocate the biodiesel, renewable diesel, or sustainable aviation fuel credit on line 11 between the estate or trust and the beneficiaries in the same proportion as income was allocated, and enter the beneficiaries' share on line 12.

If the estate or trust is subject to the passive activity rules, include on line 10 any Form 8864 credits from passive activities disallowed for prior years and carried forward to this year. Complete Form 8582-CR, Passive Activity Credit Limitations, to determine the allowed credit that must be allocated between the estate or trust and the beneficiaries. For details, see the Instructions for Form 8582-CR.

## Line 13

Report this amount on Form 3800, Part III, line 11. However, if the amount on line 10 includes the SAF credit, report the amount of the SAF credit on Form 3800, Part III, line 1ff.

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**Paperwork Reduction Act Notice.** We ask for you to obtain the information on this form to carry out the Internal Revenue laws of the United States. You are required to obtain this information.

You are not required to obtain 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 Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual filers is approved under OMB control number 1545-0074; for tax-exempt filers, under OMB control number 1545-0047; for business filers, under OMB control number 1545-0123; and for estate and trust filers, under OMB control number 1545-0092. For the estimated averages, see the instructions for your income tax return.

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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