



# 50¢ PER GALLON FEDERAL TAX CREDIT FOR PROPANE USED IN FORKLIFTS

The Tax Relief Act of 2010 extends the 50-cent-per-gallon federal motor fuel tax credit through December 31, 2011. The Alternative Fuels Research and Education Division (AFRED) has prepared the following Q&A for propane marketers and forklift operators.

## 1. Who files for the tax credit for propane used in forklifts?

In most cases, the customer files. Under IRS rules, the entity that buys the fuel and loads the propane cylinders onto the forklifts is considered the Alternative Fueler and is eligible to file for the credit.

## 2. What IRS forms are needed to claim the credit?

Each entity wishing to claim the credit must register by filing IRS Form 637. A sample Form 637 is available at [www.propane.tx.gov](http://www.propane.tx.gov). Once approved, the IRS will issue a 637 number with "AL" at the end, indicating IRS authorization to file as an alternative fueler.

For 2010, submit Form 8849 "Claim for Refund of Excise Taxes" on the gallons used in a forklift or motor vehicle.

For 2011, private entities claim the tax refund on their income tax return at the end of the year using IRS Form 4136, "Credit for Federal Tax Paid on Fuels." State and local government

## 3. Where do I obtain the forms?

You can download the forms at [www.irs.gov](http://www.irs.gov) and type the form number in the search box. You can view a sample completed Form 637 on AFRED's web site, [www.propane.tx.gov](http://www.propane.tx.gov).

## 4. What happens if my tax credit is higher than my income tax owed?

If your business doesn't have enough tax liability, the remainder of the credit is issued as a refund.

## 5. How long do I have to file for the credit?

For 2010, the credit must be claimed by August 1, 2011.

## 6. Is there a limit to the amount I can claim?

No. You must have on file proper documentation of the propane purchased and used in the forklift during the period of the claim.

## 7. What records do I need?

You must keep the following records:

- The number of gallons purchased and used during the period covered by your claim.
- The dates of the purchases.
- The names and addresses of suppliers and amounts purchased from each in the period covered by your claim.
- Maintain records at least 4 years after you filed claim.

For more information about the propane motor fuel excise tax credit, contact Heather Ball, Railroad Commission of Texas, at (512) 463-7359 or e-mail [heather.ball@rrc.state.tx.us](mailto:heather.ball@rrc.state.tx.us).



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