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1901 N. FORT MYER DRIVE • SUITE 500 • ARLINGTON, VA 22209-1604 • 703-351-8000 • FAX 703-351-9160

REGULATORY COMPLIANCE BULLETIN

March 8, 2018

SPECIAL CLAIM PROCEDURES FOR 2017 BIODIESEL BLENDER CREDIT, ALTERNATIVE FUEL CREDIT AND ALTERNATIVE FUEL MIXTURE CREDIT

PMAA Contact: Mark S. Morgan Regulatory Counsel mmorgan@pmaa.org

The IRS has issued special one-time claim procedures (IRS Notice 2018-21) for payment of the \$1.00 per gallon biodiesel blender credit. The credit was reinstated by Congress retroactively for calendar year 2017 under the *Bipartisan Budget Act of 2018*. PMAA worked closely with Congress over the past year to ensure that the biodiesel blender credit was reauthorized and not changed to a producer credit. In a major victory for marketers, the blender credit was reauthorized retroactively for calendar year 2017. While the biodiesel blender credit was not reauthorized for 2018, PMAA continues to lobby for reauthorization for calendar year 2018 and beyond. IRS Notice 2018-21 also sets forth procedures to make one time retroactive claims for alternative fuel credit and the alternative fuel mixture credits earned during calendar year 2017.

I. SPECIAL ONE-TIME CLAIM PROCEDURE FOR 2017 BIODIESEL BLENDER CREDIT:

The biodiesel blender credit applies to qualified diesel fuel and heating oil blends that comply with ASTM D6751 standard for biodiesel. The IRS special procedures allow for a single one-time payment covering the entire 2017 claim period. The IRS is providing a straight refund of \$1.00 per gallon taken on IRS Form 8849.

The IRS has established the following procedure to file a claim for payment of the 2017 biodiesel blender credit:

- The IRS is allowing a **one-time** single claim for all biodiesel blender credits (*IRC Section 6426(c)*) earned during calendar year 2017.
- The claim amount is \$1.00 for each gallon of qualified biodiesel blended into diesel fuel or heating oil during calendar year 2017. Claimants **are not** required to first take the credit against existing motor fuel excise tax liability on IRS Form 720X before filing a claim for payment on IRS Form 8849 as is normally required.
- Claimant must have a valid IRS 637M certificate in order to make a claim. Claimants who do not have a valid 637M certificate must first obtain one from the IRS before filing a claim for 2017 retroactive credits.
- Claim for payment of the full \$1.00 per gallon credit must be made on IRS Form 8849 *Claim for Refund of Excise Taxes* and IRS Form 8849 (Schedule 3) *Certain Fuel Mixtures and the Alternative Fuel Credit*.

- Follow instructions on IRS Forms 8849 and 8849 Schedule 3.
- The special claim procedure requires the use of a **single** IRS Form 8849 and IRS Form 8849 (Schedule 3) to claim all biodiesel blend volumes created during calendar year 2017. The IRS will not accept multiple claims or quarterly filings for biodiesel blends created during calendar year 2017.
- Enter 2017 volume in gallons of biodiesel blended into diesel fuel or heating oil on IRS Form 8849 (Schedule 3) line 2.
- The period for filing special one-time refund claims is limited. The claim period begins on **April 2, 2018** and ends on **September 29, 2018**.
- The IRS will not accept any biodiesel blender claims **after** September 29, 2018.
- Claims may be filed electronically, or mailed to the following address:

**Internal Revenue Service
P.O. Box 312
Covington, KY 41012-0312**

Write "Fuel Mixture Claim" on the claim envelope.

- In the alternative, the biodiesel credit claim may be taken as a credit against claimant's annual income tax return on IRS Form 4136 for tax year 2017.

II. SPECIAL ONE-TIME CLAIM PROCEDURE FOR 2017 ALTERNATIVE FUEL CREDIT:

The IRS is also accepting retroactive claims for **alternative fuel** sold or used during calendar year 2017. The IRS is allowing a special one-time single refund claim for all alternative fuel credits (*IRC Section 6426(d)*) earned during 2017. The IRS allows a person that sells or uses alternative fuel as a fuel in a motor vehicle or motorboat and in aviation to claim a \$0.50-per-gallon credit against the claimant's motor fuel excise tax liability (relating to the tax imposed on diesel fuel and alternative fuel).

- **Alternative Fuels Include:** liquefied petroleum gas; P Series; compressed or liquefied natural gas; liquefied hydrogen, qualified liquids derived from coal (including peat); compressed or liquefied gas derived from biomass; and liquid fuel derived from biomass.
- Alternative fuels subject to the \$0.50-per gallon credit **do not** include ethanol, methanol, biodiesel, or any fuel (including lignin, wood residues, or spent pulping liquors) derived from the production of paper or pulp.
- Procedures for filing the alternative fuel claim are the same as for biodiesel credit above except the credit is \$0.50-per gallon and the credit is taken on line 3 of IRS Form 8849 Schedule 3.
- In the alternative, the alternative fuel credit claim may be taken as a credit against claimant's annual income tax return on IRS Form 4136 for tax year 2017.

III. CLAIM PROCEDURE FOR 2017 ALTERNATIVE FUEL MIXTURE CREDIT:

IRS is also accepting retroactive claims for **alternative fuel mixture credits** (*IRC Section 6426(e)*). The alternative fuel mixture credit is \$0.50 per gallon for each gallon of alternative fuel used to produce an alternative fuel mixture for sale **or** use in a trade or business. The alternative fuel mixture

credit claim must be filed on IRS Form 720X and taken against any existing motor fuel excise tax liability. Any amount in excess of existing motor fuel excise tax liability may be taken as a refund on IRS Form 8849 and 8849 Schedule 3.

- Alternative fuels subject to the \$0.50-per gallon alternative fuel mixture credit **do not** include ethanol, methanol, biodiesel, or any fuel (including lignin, wood residues, or spent pulping liquors) derived from the production of paper or pulp.
- The claim period for the 2017 alternative fuel mixture credit begins on April 2, 2018. The IRS will deem any alternative fuel mixture credit filed April 2, 2018, as filed on April 2, 2018. Claims for the alternative fuel mixture credit must be made within three years from the time the return was filed or two years from the time the tax was paid, whichever is later.
- Procedures for filing a claim for the alternative fuel mixture credit are found in Section 6 of IRS Notice 2018-21.

IV. OBTAINING IRS FORMS:

Claimants may use paper forms or file electronically. Electronic filing forms will be up on the IRS electronic reporting portal shortly.

IRS Forms 720X, 637, 8849, 8849 (Schedule 3) and 4136 are available at www.irs.gov click on "Forms and Instructions" then enter the form number in the "Forms, Instructions, and Publications" search engine.

IRS Notice 2018-21 outlining the special claim procedures for 2017 retroactive biodiesel blender credits, alternative fuel credits and alternative fuel mixture credits is available by clicking [here](#).

Got Questions? Contact PMAA Regulatory Counsel Mark S. Morgan at mmorgan@pmaa.org