



Tax Credit For Propane Used In Forklifts

MHR has some great news for our customers! We have learned that most retailers of propane motor fuel can claim a 50-CENT-PER-GALLON tax credit. The credit is part of the federal highway bill SAFETEA. Most propane users, including forklift operators, will be registering for the first time with the IRS as alternative fuel users so they can claim the 50-cent-per-gallon tax credit on their bulk fuel purchases used in motor vehicles. Under IRS rules the entity that buys the propane fuel and loads the propane cylinders onto lift trucks are considered the alternative fueler and are eligible to file for the credit. The tax credit began October 1, 2006 and is effective through September 30, 2009. For many of our customers this credit means thousands of dollars per lift per year back!

Now you're probably wondering *how I claim the tax credit.*

1. You must register with the IRS and be an "Alternative Fueler."
2. You can do this by logging onto WWW.IRS.GOV, and completing and mailing the IRS form #637 entitled "Application for Registration for Certain excise Tax Activities."
3. If you already have a Certificate of Registry or a Letter of Registration, you might have been grandfathered in and wouldn't have to register immediately. However it is still recommended that you file the Form 637 because everyone must be registered as an "Alternative Fueler" by July 1, 2007.
4. Then you need to file the IRS tax form 4136 at the end of the taxable year. Form 4136 enables you to claim a credit against your income tax liability.
5. Now, if your income tax liability is less than the credit, the IRS will send you a check for the difference.

You can find more information at the *Alternative Fuels Research and Education Division* (AFRED) on their website

WWW.PROPANE.TX.GOV/TAXCREDIT/TAXCREDIT.HTML. They can answer questions like:

Who files for the tax credit for propane used in forklifts?

What IRS forms are needed to claim the credit?

Where do I obtain the forms?

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

Is there a limit to the amount I can claim?

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