



Alternative Fuel Credit

Do you use propane fuel in your business? If so, you may be eligible to claim a federal tax credit of up to \$0.50 per gallon. If you are using forklifts, chances are you are using propane. Some heavy machinery also runs on propane.

As part of the Highway Act of 2005, Congress created the alternative fuel credit. This is not a well known or highly publicized tax credit, probably because when the law was written it referred to "liquefied petroleum gas," which is the scientific term for what is commonly referred to as propane (thank goodness, one of my sons is an engineering major!)

Note that taxpayers must register as an "alternative fueler" with the IRS in order to claim this credit. The application for registration is IRS Form 637. Most taxpayers will claim the credit as part of their company's annual federal income tax return, using IRS Form 4136. The credit can be claimed starting October 1, 2006, through September 30, 2009.



While propane appears to be the most commonly used fuel eligible for this tax credit, others do qualify, including compressed or liquefied natural gas, liquefied hydrogen, and a few others.

Please contact your GBQ tax service representative if you would like more details on how to claim the alternative fuel credit.

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