



# Tax Credit for Propane Forklift Customers

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The PATH Act of 2015 (Protecting Americans from Tax Hikes) makes retroactive to January 1, 2015 the 50 cent per gallon alternative fuel tax credit and alternative fuel mixture tax credit. This credit is commonly applicable for taxpayers who use propane or liquefied petroleum gas to fuel vehicles not required to be registered for highway use, e.g. forklifts.

The PATH Act is also extended for 2016 but at a reduced rate. However, the IRS has not published its official guidance on how the credit may be claimed for the current year.

## **What does this mean for you?**

As you probably know, propane used in forklifts is exempt from the Federal Excise Tax. Under the terms of P.L. 109-59, the Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2005 (referred to as the Highway Bill), forklifts fit the definition of an off-highway business motor vehicle and hence, propane used in a forklift is eligible for the 50 cent per gallon tax credit.

## **PROPANE USED IN A FORKLIFT IS STILL ELIGIBLE FOR THE 50 CENT PER GALLON TAX CREDIT.**

The claim for 2015 must be filed by August 8, 2016 for propane forklifts to claim 50 cents for every gallon of the alternative fuel used in 2015, according to the IRS procedures. Tax payers should continue to submit claims separately on and in accordance with Form 4136 Credit for Federal Tax Paid on Fuels. This form is to be filed with your regular business income tax return.

## **How to Register?**

This is a huge benefit, assuming you take appropriate steps to properly register with the IRS.

As a first step, forklift operators should file Form 637 with the IRS in order to be registered as an "Alternative Fueler." The IRS will then issue a registration number identifying the forklift operator as an Alternative Fueler. After receiving a registration number, the forklift operator can file a claim for the credit at the end of the year by filling Form 4136. If the alternative fuel tax credit exceeds the income tax liability, the forklift operator may be able to receive an income tax refund under certain circumstances.

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Relevant IRS Forms can be viewed and downloaded on our website at:

[www.combinedenergyservices.com](http://www.combinedenergyservices.com).

As always, we appreciate your business. We hope this information will offer a tax advantage to your Company and urge you to seek professional advice for this most important benefit.