

Name(s) shown on return		Identifying number		
Type of Alcohol Fuel	(a) Number of Gallons Sold or Used	(b) Rate *	(c) Column (a) x Column (b)	
<b>1</b> Qualified ethanol fuel production (in gallons) . . . . .	<b>1</b>	.10		
<b>2</b> <b>Straight alcohol and alcohol mixtures:</b>				
<b>a</b> 190 proof or greater (in gallons) . . . . .	<b>2a</b>	.53 (.52**)		
<b>b</b> Less than 190 proof but at least 150 proof (in gallons) . . . . .	<b>2b</b>	.3926 (.3852**)		
<b>3</b> Add lines 1, 2a, and 2b in both columns . . . . .	<b>3</b>			
<b>4</b> Other fuels blended with the alcohol on lines 2a and 2b . . . . .	<b>4</b>			
<b>5a</b> Total gallons of fuel. Add lines 3 and 4 (column (a)). . . . .	<b>5a</b>			
<b>b</b> Total gallons containing less than 5.7% of 190-proof alcohol or that are exempt from excise taxes (see instructions) . . . . .	<b>5b</b>			
<b>6</b> Subtract line 5b from line 5a . . . . .	<b>6</b>			
<b>7</b> Break down line 6 into the number of gallons of:				
<b>a</b> Aviation fuel for use in noncommercial aviation containing at least 10% alcohol . . . . .	<b>7a</b>	.133 (.132**)		
<b>b</b> Gasohol (and other fuels) containing less than 85% alcohol (see instructions)	<b>7b</b>	(see instructions)		
<b>c</b> Special motor fuel containing 85% or more alcohol (see instructions)	<b>7c</b>	.0535 (.0525**)		
<b>8</b> Add lines 7a through 7c, column (c) . . . . .			<b>8</b>	
<b>9</b> Subtract line 8 from line 3. Include this amount in your income for 2002 . . . . .			<b>9</b>	
<b>10</b> Alcohol fuel credit(s) from a partnership, S corporation, estate, or trust (see instructions). . . . .			<b>10</b>	
<b>11</b> <b>Current year credit for alcohol used as fuel.</b> Add lines 9 and 10. . . . .			<b>11</b>	

\*Only the rate for ethanol is shown. See instructions for lines 2 and 7 for rates for alcohol other than ethanol.

\*\*Rate effective after December 31, 2002.

See **Who must file Form 3800** to find out if you complete the lines below or file Form 3800.

<b>12</b> Regular tax before credits:				
• Individuals. Enter the amount from Form 1040, line 42 . . . . .	}		<b>12</b>	
• Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return . . . . .				
• Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return . . . . .				
<b>13</b> Alternative minimum tax (see instructions) . . . . .			<b>13</b>	
<b>14</b> Add lines 12 and 13 . . . . .			<b>14</b>	
<b>15a</b> Foreign tax credit . . . . .	<b>15a</b>			
<b>b</b> Credit for child and dependent care expenses (Form 2441, line 11)	<b>15b</b>			
<b>c</b> Credit for the elderly or the disabled (Schedule R (Form 1040), line 24)	<b>15c</b>			
<b>d</b> Education credits (Form 8863, line 18) . . . . .	<b>15d</b>			
<b>e</b> Credit for qualified retirement savings contributions (Form 8880, line 14)	<b>15e</b>			
<b>f</b> Child tax credit (Form 1040, line 50) . . . . .	<b>15f</b>			
<b>g</b> Mortgage interest credit (Form 8396, line 11) . . . . .	<b>15g</b>			
<b>h</b> Adoption credit (Form 8839, line 18) . . . . .	<b>15h</b>			
<b>i</b> District of Columbia first-time homebuyer credit (Form 8859, line 11)	<b>15i</b>			
<b>j</b> Possessions tax credit (Form 5735, line 17 or 27) . . . . .	<b>15j</b>			
<b>k</b> Credit for fuel from a nonconventional source . . . . .	<b>15k</b>			
<b>l</b> Qualified electric vehicle credit (Form 8834, line 20) . . . . .	<b>15l</b>			
<b>m</b> Add lines 15a through 15l . . . . .			<b>15m</b>	
<b>16</b> Net income tax. Subtract line 15m from line 14. If zero, skip lines 17 through 20 and enter -0- on line 21			<b>16</b>	
<b>17</b> Net regular tax. Subtract line 15m from line 12. If zero or less, enter -0-	<b>17</b>			
<b>18</b> Enter 25% (.25) of the excess, if any, of line 17 over \$25,000 (see instructions).	<b>18</b>			
<b>19</b> Tentative minimum tax (see instructions) . . . . .	<b>19</b>			
<b>20</b> Enter the greater of line 18 or line 19 . . . . .			<b>20</b>	
<b>21</b> Subtract line 20 from line 16. If zero or less, enter -0- . . . . .			<b>21</b>	
<b>22</b> <b>Credit for alcohol used as fuel allowed for the current year.</b> Enter the <b>smaller</b> of line 11 or line 21 here and on Form 1040, line 53; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 21 is smaller than line 11, see instructions . . . . .			<b>22</b>	

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

Use Form 6478 to figure your credit for alcohol used as fuel. This credit consists of the:

- Alcohol mixture credit,
- Alcohol credit, and
- Small ethanol producer credit.

You may claim or elect not to claim the alcohol fuel credit at any time within 3 years from the due date of your return (determined without regard to extensions) on either an original or an amended return.

### Definitions and Special Rules

#### Alcohol

Alcohol, for credit purposes, includes ethanol and methanol but does not include the following.

- Alcohol produced from petroleum, natural gas, or coal (including peat). Methanol produced from methane gas formed in waste disposal sites is not alcohol produced from natural gas, and is included for credit purposes.
- Alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any denaturants (additives that make the alcohol unfit for human consumption). The volume of alcohol includes any denaturant up to 5% of the volume of the alcohol and denaturant combined.

#### Alcohol Mixture

The alcohol must be used to make a qualified mixture. A qualified mixture combines alcohol with gasoline or special fuel. The producer of the mixture either:

- Uses it as fuel or
- Sells it as fuel to another person.

The credit is available only to the producer who blends the mixture. The producer must use or sell the mixture in a trade or business and the credit is available only for the year the mixture is sold or used. The credit is not allowed for casual off-farm production of a qualified mixture.

#### Straight Alcohol

The alcohol must not be a mixture with gasoline or special fuel (other than as a denaturant). The credit is for alcohol which during the tax year you:

- Use as a fuel in a trade or business or
- Sell at retail to another person and put in the fuel tank of that person's vehicle.

However, no credit is allowed for alcohol you used as a fuel in a trade or business if that alcohol was sold in a retail sale described above.

#### Qualified Ethanol Fuel Production

This is ethanol produced by an eligible small ethanol producer (defined below) which during the tax year:

1. Is sold by the producer to another person—
  - For use by the buyer in the buyer's trade or business to produce a qualified mixture (other than casual off-farm production),
  - For use by the buyer as a fuel in a trade or business, or
  - Who sells the ethanol at retail to another person and puts the ethanol in the retail buyer's fuel tank; **or**
2. Is used or sold by the producer for any purpose described in **1** above.

#### Eligible Small Ethanol Producer

This is a person who, at all times during the tax year, has a productive capacity for alcohol of 30 million gallons or less. This capacity includes alcohol made from petroleum, natural gas, coal, peat, and alcohol of less than 150 proof.

#### Special Fuel

This is any liquid other than gasoline that is suitable for use or is used in an internal combustion engine.

#### Noncommercial Aviation

This is the use of an aircraft other than in a business of transporting persons or property for pay.

#### Recapture of Credit

You must pay a tax on each gallon of alcohol (or the alcohol in the mixture) at the rate you used to figure the credit if you:

- Separate the alcohol from the mixture,
- Use the mixture other than as a fuel,
- Mix straight alcohol on which the credit was allowed for the retail sale,
- Use the straight alcohol other than as a fuel, **or**
- Do not use the fuel for the purposes described under **Qualified Ethanol Fuel Production**.

Report the tax on **Form 720**, Quarterly Federal Excise Tax Return.

#### Additional Information

See **Pub. 378**, Fuel Tax Credits and Refunds.

## Specific Instructions

Use lines 1 through 9 to figure any alcohol fuel credit from your own trade or business.

**Note:** *We have shown in column (b) the rate for ethanol only. If you have a credit for alcohol other than ethanol, enter in column (b) the applicable rate shown in the instructions for lines 2a, 2b, and 7a through 7c.*

Skip lines 1 through 9 if you are claiming only a credit that was allocated to you from a pass-through entity (that is, S corporation, partnership, estate, or trust).

#### S Corporations, Partnerships, Estates, and Trusts

Figure the total credit on lines 1 through 11. Then, allocate the line 11 credit to each shareholder, partner, and beneficiary in the same way that income and loss are divided. Electing large partnerships include this credit in "general credits."

If the line 11 credit includes any small ethanol producer credit (line 1), you must separately state to each shareholder, partner (except a partner in an electing large partnership), or beneficiary the number of gallons on which the credit was figured and your productive capacity (in gallons) for alcohol.

#### Line 1

Enter the number of gallons of ethanol, up to 15 million gallons, that meet the conditions listed above under **Qualified Ethanol Fuel Production**. Multiply by the rate of 10 cents per gallon.

**Line 2a**

Enter the number of gallons of 190 proof or greater alcohol and multiply by the rate. For alcohol other than from ethanol, the rate is 60 cents per gallon.

**Line 2b**

Enter the number of gallons of alcohol that is less than 190 proof but at least 150 proof and multiply by the rate. For alcohol other than from ethanol, the rate is 45 cents per gallon.

**Line 4**

Enter the number of gallons of other fuels blended with the alcohol shown on lines 2a and 2b. Other fuels include gasoline and special fuel.

**Line 5b**

Enter the number of gallons included on line 5a that contain less than 5.7% of 190-proof alcohol or that are exempt from excise taxes. The fuel can be exempt because of specific exemption, credit, or refund provisions other than the alcohol fuel credit.

**Line 7**

If you sold or used alcohol or an alcohol mixture as fuel, you may have been entitled to an exemption, credit, refund, or a reduced rate of excise tax. The alcohol fuel credit must be reduced to take into account any of these benefits.

**Line 7a.** Enter in column (a) the number of gallons of alcohol (or alcohol blended with aviation fuel other than gasoline) sold for use, or used, as fuel in an aircraft in noncommercial aviation if you received an excise tax benefit because the mixture contained at least 10% alcohol. If the alcohol did not contain ethanol, the rate in column (b) is 14 cents.

**Lines 7b and 7c.** Use these lines for all other fuels (including gasohol) if you received an excise tax benefit because the fuels contained alcohol.

**Line 7b.** Enter in column (a) the number of gallons of fuel that is a mixture containing less than 85% alcohol.

The rates are based on the percentage of alcohol in the mixture.

Product	Rate	
	Ethanol	Other than ethanol
10% gasohol	.053 (.052**)	.06
7.7% gasohol	.04081 (.04004**)	.0462
5.7% gasohol	.03021 (.02964**)	.0342

\*\*Rate effective after December 31, 2002.

**Line 7c.** Enter in column (a) the number of gallons of special motor fuel that contain 85% or more alcohol. If the alcohol did not contain ethanol, the rate in column (b) is 6.05 cents.

**Line 9**

Include this amount in income, under "other income" on the applicable line of your income tax return, even if you cannot use all of the credit because of the tax liability limit.

**Line 10**

Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary.

If your credit from a pass-through entity includes the small ethanol producer credit, the pass-through entity must tell you the amount of the small producer credit included in the pass-through credit, the number of gallons for which the entity claimed the small ethanol producer credit, and the

productive capacity for alcohol. You, as a shareholder, partner, or beneficiary, are subject to the 15-million-gallon limitation for line 1 and the 30-million-gallon productive capacity limitation for an eligible small ethanol producer. If you receive a small ethanol producer credit from more than one entity, your credit may be limited.

**Line 11**

For an estate or trust, the credit on line 11 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. In the margin to the right of line 11, the estate or trust should enter its part of the total credit. Label it "1041 Portion" and use this amount in lines 12 through 22 (or Form 3800) to figure the credit to claim on Form 1041. Also, enter and identify the beneficiaries' share of the credit to the right of line 11 and attach a schedule showing how the total credit was divided.

**Part II—Allowable Credit**

The credit allowed for the current year may be limited based on your tax liability. Use Part II to figure the allowable credit unless you must file **Form 3800**, General Business Credit.

**Who must file Form 3800.** You must file Form 3800 if you have:

- A credit for alcohol used as fuel from a passive activity,
- More than one credit included in the general business credit (other than a credit from Form 8844 or 8884), or
- A carryback or carryforward of any of those credits.

See the instructions for Form 3800 to find out which credits are included in the general business credit.

**Line 13**

Enter the alternative minimum tax (AMT) from the following line of the appropriate form or schedule.

- Individuals: Form 6251, line 35.
- Corporations: Form 4626, line 15.
- Estates and trusts: Form 1041, Schedule I, line 56.

**Line 18**

See section 38(c)(4) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

**Line 19**

Although you may not owe AMT, you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule. Enter on line 19 the TMT from the line shown below.

- Individuals: Form 6251, line 33.
- Corporations: Form 4626, line 13.
- Estates and trusts: Form 1041, Schedule I, line 54.

**Line 22**

If you cannot use part of the credit because of the tax liability limit (line 21 is smaller than line 11), carry the unused credit back 1 year then forward up to 20 years. See the instructions for Form 3800 for details.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 12 hr., 12 min.
- Learning about the law or the form** . . . . . 18 min.
- Preparing and sending the form to the IRS** . . . . . 30 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

