

# FEDERAL ALTERNATIVE FUEL CREDIT

## *FORKLIFT CUSTOMER FAQs*

**Q: When did the 50 cpg credit become available?**

**A:** The credit expired on December 31, 2014, but was reinstated in December 2015 and made retroactive to January 1, 2015. At this time the credit is set to expire on December 31, 2016. This refundable credit was 50 cpg for 2015, but was energy content adjusted to approximately 36 cpg for 2016, reflecting the changed energy content calculation of excise tax on autogas that was enacted during 2015.

**Q: I only use propane for forklifts. How can I be eligible for the credit?**

**A:** The credit is available for each gallon of propane used to power a motor vehicle or motor boat. The Internal Revenue Service (IRS) defines a motor vehicle as “any type of vehicle propelled by motor designed for carrying or towing loads from one place to another, regardless of the type of load or material carried.” Lawn mowers, farm tractors, trench diggers, power shovels, bulldozers, road graders or rollers, and similar equipment which do not carry or tow a load is NOT considered a motor vehicle by the IRS and is not eligible for the credit.

**Q: I purchase/exchange 33- or 43-pound cylinders for my forklifts. How do I convert those to gallons?**

**A:** The IRS uses a conversion factor of 4.25 pounds for each gallon of propane. If you use 100 33-pound cylinders, 3,300 divided by 4.25 would equal 776 gallons.

**Q: How do I get the credit?**

**A:** You must register with the IRS as an Alternative Fueler. This registration is obtained by completing IRS Form 637. Form 637 and instructions can be obtained from the IRS website at [www.irs.gov](http://www.irs.gov).

**Q: Can't Ferrellgas obtain the credit and forward it to me?**

**A:** Per IRS regulations, the credit can only be claimed by the “fueler” of the motor vehicle. Since forklift cylinders are attached to the forklift by the forklift user, they are considered the fueler. This ensures that the IRS does not receive multiple claims for the same gallons of propane. Should the IRS conduct an audit and determine that claims were filed incorrectly, the taxpayer would be required to make payment in addition to penalty and interest charges.

**Q: Why doesn't Ferrellgas just claim the credit and reduce their selling price?**

**A:** The credit can only be claimed by the entity that “delivers the fuel into the fuel supply tank” of the motor vehicle. The IRS issued a ruling that the operator of a forklift is considered the fueler, and the eligible entity to claim the credit. Ferrellgas' product costs and operating costs are not affected by this credit.

**Q: I'm a government or tax-exempt entity, can I claim the credit?**

**A:** If you use propane to power motor vehicles (forklifts are included), you can claim the credit by filing IRS Form 8849. You should consult your accountant to obtain more information. The form and instructions can be obtained at [www.irs.gov](http://www.irs.gov).

**Q: Where can I get more information?**

**A:** The IRS website [www.irs.gov](http://www.irs.gov) has Forms & Instructions and Publications  
IRS Forms 720, 637, 4136 and 8849  
IRS Publication 510, Excise Taxes  
IRS Notice 2006-92  
Call the IRS Excise Tax Branch @ **202-622-3130**.

