

**Alcohol and Cellulosic Biofuel Fuels Credit**► **Attach to your tax return.**

Name(s) shown on return

Identifying number

**Caution.** You cannot claim any amounts on Form 6478 that you claimed (or will claim) on Form 720 (Schedule C), Form 8849, or Form 4136.

Type of Fuel	(a) Number of Gallons Sold or Used	(b) Rate	(c) Column (a) x Column (b)
<b>1</b> Qualified ethanol fuel production for fuel sold or used before 2012 (see instructions for election) . . . . .	<b>1</b>		
<b>2</b> Alcohol 190 proof or greater <b>and</b> alcohol 190 proof or greater in fuel mixtures sold or used before 2012 . . . . .	<b>2</b>		
<b>3</b> Alcohol less than 190 proof but at least 150 proof <b>and</b> alcohol less than 190 proof but at least 150 proof in fuel mixtures sold or used before 2012 . . . . .	<b>3</b>		
<b>4</b> Qualified cellulosic biofuel production for fuel sold or used before 2012 that is alcohol (see instructions for election) . . . . .	<b>4</b>		
<b>5</b> Qualified cellulosic biofuel production for fuel sold or used before 2012 that is not alcohol (see instructions for election) . . . . .	<b>5</b>		
<b>6</b> Qualified cellulosic biofuel production for fuel sold or used after 2011 (see instructions for election) . . . . .	<b>6</b>		
<b>7</b> Add the amounts in column (c) on lines 1 through 6. Include this amount in your income for 2011 and, if you reported an amount on lines 4, 5, or 6 above, enter your IRS registration number (see instructions) . . . . .		<b>7</b>	
<b>8</b> Alcohol and cellulosic biofuel fuels credit from partnerships, S corporations, cooperatives, estates, and trusts (see instructions) . . . . .		<b>8</b>	
<b>9</b> Add lines 7 and 8. Cooperatives, estates, and trusts, go to line 10. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, line 4c . . . . .		<b>9</b>	
<b>10</b> Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions) . . . . .		<b>10</b>	
<b>11</b> Cooperatives, estates, and trusts, subtract line 10 from line 9. Report this amount on Form 3800, line 4c . . . . .		<b>11</b>	

\*Only the rate for ethanol is shown. See instructions for the rate for alcohol other than ethanol.

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**General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

**What's New**

- The alcohol mixture, alcohol, and small ethanol producer credits expired for fuels sold or used after 2011.
- The carryforwards, carrybacks, and passive activity limitations for this credit are no longer reported on this form; instead, they must be reported on Form 3800, General Business Credit.

**Future developments.** The IRS has created a page on IRS.gov for information about Form 6478 and its instructions at [www.irs.gov/form6478](http://www.irs.gov/form6478). Information about any future developments affecting Form 6478 (such as legislation enacted after we release it) will be posted on that page.

**Purpose of Form**

Use Form 6478 to figure your alcohol and cellulosic biofuel fuels credit. You claim the credit for the tax year in which the sale or use occurs. This credit consists of the:

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

You may claim or elect not to claim the alcohol and cellulosic biofuel fuels 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 for the tax year of the sale or use.



*Before claiming a credit on Form 6478, the alcohol fuel mixture credit must be taken against any section 4081 liability on Form 720. Any credit in excess of the section 4081 liability can be taken as a claim for payment on Form 8849 or an income tax credit on Form 4136.*

Taxpayers, other than partnerships, S corporations, cooperatives, estates, or trusts, whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on Form 3800.

## Definitions and Special Rules

### Qualified Ethanol Fuel Production

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

1. Does not exceed 15 million gallons (not counting any qualified cellulosic biofuel production);
2. Is sold by the producer to another person—
  - a. For use by the buyer in the buyer's trade or business to produce a qualified mixture (other than casual off-farm production),
  - b. For use by the buyer as a fuel in a trade or business, or
  - c. Who sells the ethanol at retail to another person and puts the ethanol in the retail buyer's fuel tank; or
3. Is used or sold by the producer for any purpose described in (2) above.

### Eligible Small Ethanol Producer

This is a person who, at all times during the tax year, has a productive capacity for alcohol of 60 million gallons or less. This capacity includes alcohol made from petroleum, natural gas, coal, peat, and alcohol of less than 150 proof.

### 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 2% (see Notice 2009-6 in I.R.B. 2009-3 for details) of the volume of the alcohol and denaturant combined.
- Alcohol produced outside the United States or a U.S. possession for use as a fuel outside the United States or a U.S. possession.

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

- Used as a fuel in a trade or business, or
- Sold 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.

### Alcohol Fuel Mixture

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

- Used it as fuel, or
- Sold 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.

### Qualified Cellulosic Biofuel Production

This is cellulosic biofuel which during the tax year:

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

Qualified cellulosic biofuel production does not include purchasing alcohol and increasing the proof of the alcohol through additional distillation. Nor does it include cellulosic biofuel that is not both produced in the United States or a U.S. possession and used as a fuel in the United States or a U.S. possession.

A qualified cellulosic biofuel mixture combines cellulosic biofuel with gasoline or a special fuel. The producer of the mixture either:

- Used it as a fuel, or
- Sold it as fuel to another person.

### Cellulosic Biofuel

Generally, cellulosic biofuel, for credit purposes, is any liquid fuel, which:

- Is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis,
- Meets the registration requirements for fuels and fuel additives established by the Environmental Protection Agency under section 211 of the Clean Air Act (42 U.S.C. 7545), and
- Is not alcohol of less than 150 proof. In figuring the proof of any alcohol, disregard any added denaturants (additives that make the alcohol unfit for human consumption).

However, cellulosic biofuel does not include any fuel if:

- More than 4% of the fuel (determined by weight) is any combination of water and sediment,
- The ash content of the fuel is more than 1% (determined by weight), or
- The fuel has an acid number greater than 25.

### Registration

All producers and importers of alcohol with a proof of at least 190 and all producers of cellulosic biofuel must be registered by the IRS. See Form 637, Application for Registration.

## Coordination With Excise Tax Credit

Only one credit may be taken with respect to any gallon of alcohol in a mixture reported on Form 6478. If any amount is claimed (or will be claimed) with respect to any gallon of alcohol on Form 720, Quarterly Federal Excise Tax Return; Form 8849, Claim for Refund of Excise Taxes; or Form 4136, Credit for Federal Tax Paid on Fuels; then a claim cannot be made on Form 6478 for that gallon of alcohol.

## Recapture of Credit

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

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

Report the tax on Form 720.

## Specific Instructions

**Note.** Column (b) of lines 2 and 3 shows 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 2 and 3. Column (b) of line 4 shows the rate for alcohol other than ethanol only. If you have a credit for ethanol, enter in column (b) the rate shown in the instructions for line 4.

### Line 1

Enter the number of gallons of ethanol, up to 15 million gallons sold or used before 2012, that meet the conditions listed under *Qualified Ethanol Fuel Production*, earlier. Multiply by the rate of 10 cents per gallon.

**Important:** The amount of the credit determined for lines 2 and 3 with respect to alcohol in qualified mixtures must be reduced by the excise tax benefit for qualified methanol or ethanol fuel reflected on Form 720. See sections 40(c) and 4041(b)(2).

### Line 2

Enter the number of gallons of alcohol 190 proof or greater **and** alcohol 190 proof or greater in qualified mixtures (mixtures of alcohol and gasoline or alcohol and special fuels) sold or used before 2012. For alcohol other than ethanol, the rate is 60 cents per gallon.

### Line 3

Enter the number of gallons of alcohol less than 190 proof but at least 150 proof **and** alcohol less than 190 proof but at least 150 proof in qualified mixtures (mixtures of alcohol and gasoline or alcohol and special fuels) sold or used before 2012. For alcohol other than ethanol, the rate is 45 cents per gallon.

### Line 4

Enter the number of gallons of cellulosic biofuel that is alcohol sold or used before 2012 that meets the conditions listed under *Qualified Cellulosic Biofuel Production*, earlier. For ethanol, the rate is 46 cents per gallon.

### Line 5

Enter the number of gallons of cellulosic biofuel that is not alcohol sold or used before 2012 that meets the conditions listed under *Qualified Cellulosic Biofuel Production*, earlier. Multiply by the rate of \$1.01 per gallon.

### Line 6

Enter the number of gallons of cellulosic biofuel sold or used after 2011 that meets the conditions listed under *Qualified Cellulosic Biofuel Production*, earlier. Multiply by the rate of \$1.01 per gallon.

### Line 7

The total credit shown in column (c) on lines 1 through 6 must be included 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. However, if you are subject to the alternative minimum tax (AMT), this amount is not income in figuring AMT and must be subtracted when figuring your alternative minimum taxable income. Do this by including this amount on line 27 of Form 6251, line 23 of Schedule I (Form 1041), or line 20 of Form 4626.

**Registration number.** To claim a cellulosic biofuel producer credit on lines 4, 5, or 6, you must be registered with the IRS. Enter your CB registration number in the space provided. For more information, see Form 637 and Publication 510, Excise Taxes.

### Line 8

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

If your credit from a pass-through entity includes the small ethanol producer credit, you, as a partner, shareholder, patron, or beneficiary, are subject to the 15-million-gallon limitation for line 1 and the 60-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 9

If the credit includes the small ethanol producer credit, the partnership (other than an electing large partnership) or S corporation must provide the following additional information:

- The amount of the small ethanol producer credit included as part of the pass-through credit,
- The number of gallons claimed at the entity level for the small ethanol producer credit, and
- The productive capacity of the entity.

**Line 10**

**Estate or trust.** Allocate the alcohol and cellulosic biofuel fuels credit on line 9 between the estate or trust and the beneficiaries in the same proportion as income was allocated and enter the beneficiaries' share on line 10.

If the estate or trust is subject to the passive activity rules, include on line 8 any alcohol and cellulosic biofuel fuels credits from passive activities disallowed for prior years and carried forward to this year. Complete Form 8582-CR, Passive Activity Credit Limitations, to determine the allowed credit that must be allocated between the estate or trust and the beneficiaries. For details, see the Instructions for Form 8582-CR.

If the credit includes the small ethanol producer credit, the estate or trust must provide to its beneficiaries the following additional information:

- The amount of the small ethanol producer credit included as part of the pass-through credit,
- The number of gallons claimed by the estate or trust for the small ethanol producer credit, and
- The productive capacity of the estate or trust.

**Cooperative election to allocate the small ethanol producer credit or the cellulosic biofuel producer credit to patrons.** A cooperative described in section 1381(a) can elect to allocate any part of the small ethanol producer credit or the cellulosic biofuel producer credit to patrons of the cooperative. To make the election, attach a statement to the effect that the cooperative elects to allocate the credit pro rata among the patrons eligible to share in patronage dividends on the basis of the quantity or value of business done with or for the patrons for the tax year.

If the cooperative is subject to the passive activity rules, include on line 8 any small ethanol or cellulosic biofuel producers credits from passive activities disallowed for prior years and carried forward to this year. Complete Form 8810, Corporate Passive Activity Loss and Credit Limitations, to determine the allowed producer credits that can be allocated to patrons. For details, see the Instructions for Form 8810.

The election is not effective unless:

- The statement described above is attached to the timely filed tax return (including extensions) for the tax year associated with the election.
- The cooperative designates the apportionment in a written notice mailed to its patrons during the payment period described in section 1382(d).

A cooperative electing to allocate any part of the small ethanol producer credit must also provide to its patrons the following additional information:

- The number of gallons claimed by the cooperative.
- The productive capacity of the cooperative.

If you timely filed your return without making an election, you can still make the election by filing an amended return within 6 months of the due date of the return (excluding extensions). Write "Filed pursuant to section 301.9100-2" on the amended return.

Once made, the election cannot be revoked.

**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 burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

**Recordkeeping** . . . . . 4 hr., 32 min.

**Learning about the law or the form** . . . . . 53 min.

**Preparing and sending the form to the IRS** . . . . . 1 hr.

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.