
Tax Credit Available for Forklift Propane

On December 17th, President Obama signed the Tax Relief, Unemployment Insurance Authorization, and Job Creation Act of 2010. This legislation revitalized the Propane Fuel Tax Credit, which expired in 2009 by offering a \$0.50 per gallon credit through December 31, 2011, retroactive to 2010.

Under IRS rules, the entity that buys the fuel and loads the propane cylinders onto the forklifts is eligible for the credit. To claim the credit, an entity must register by filing IRS Form 637. Once approved, the IRS will issue a 637 number with an “AL” at the end, indicating IRS authorization to file as an alternative fueler.

Forklift operators can claim the tax refund on their income tax return at the end of the year on form 4136, “Credit for Federal Tax Paid on Fuels.” The credit must be claimed within three years following the close of the year the claim occurred. There is no limit to the amount an entity can claim, and if the business doesn’t have enough tax liability, the remainder of the credit is issued as a refund.

In order to claim the credit, the taxpayer must keep the following records:

- The number of gallons purchased and used during the period covered by the claim
- The dates of the purchases
- The names and addresses of suppliers and amounts purchased from each in the period covered by the claim

In addition, the business must maintain the records for at least four years after the claim is filed. For more information, please contact us.