

What Michigan Township Officials Need to Know About:

The State and Federal Tax-Exempt Status of Townships

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Townships are Federal Tax-Exempt Organizations

Note: The following excerpted information is a synopsis of information provided in:

IRS Publication 557: Tax-Exempt Status for Your Organization (Revised 3/2005) and

IRS Publication 510: Excise Taxes for 2005 (Revised 4/2005), available at www.irs.gov.

Refer to those publications for additional information.

Townships Have Federal Tax-Exempt Status

Townships are IRS Code **Section 509(a)(1)** tax-exempt organizations.

A government entity may request a government affirmation letter, describing government entity exemption from Federal income tax and citing applicable Internal Revenue Code sections pertaining to deductible contributions and income exclusion, by calling the IRS Tax Exempt/Government Entity Cincinnati Call Site at 1-877-829-5500.

Government entities are frequently asked to provide a tax-exempt number or “determination” letter to prove their status as a “tax-exempt” or charitable entity. For example, applications for grants from a private foundation or a charitable organization generally require this information as part of the application process. In addition, donors frequently ask for this information as substantiation that the donor’s contribution is tax deductible, and vendors ask for this to substantiate that the organization is exempt from sales or excise taxes. (*Exemption from sales taxes is made under state law rather than Federal law.*)

There is no tax-exempt number provided by the Internal Revenue Service. A government entity may use its Federal TIN (taxpayer identification number), also referred to as an EIN (Employer Identification Number), for identification purposes.

Determination Letter

In order for a government entity to receive a determination of its status as a political subdivision, instrumentality of government, or whether its revenue is exempt under Internal Revenue Code section 115, it must obtain a letter ruling by the following procedures specified in Revenue Procedure 2003-1 or its successor. There is a fee associated with obtaining a letter ruling.

Affirmation Letter

As a special service to government entities, IRS will issue a “government affirmation letter” free of charge. This letter is issued based on information that IRS possesses, such as a Section 218 Agreement with the Social Security Administration, and other historical information that indicates that an organization appears to be a government entity. Most organizations and individuals will accept the government affirmation letter as the substantiation they need. Government entities can request a government affirmation letter by calling 1-877-829-5500.

Gifts to Townships are Deductible

Donations to a township are deductible as an itemized deduction on Federal income tax. The gift must be for public purposes and be directed to a government unit, or it may be to a government agency such as a fire department, civil defense group or a committee to raise funds to develop a public park.

Townships are Exempt From Several Federal Excise Taxes

Communications Tax

A 3% tax imposed on amounts paid for all of the following services:

- * local telephone service
- * toll telephone service
- * teletypewriter exchange service

This tax does not apply to communication services provided to the government of the United States, the government of any state or its political subdivisions, the District of Columbia, or the United Nations.

File the exemption certificate with the provider of the communication services. State and local governments do not have to file an annual exemption certificate after they have filed an initial certificate to claim an exemption from the communications tax.

Diesel Fuel and Kerosene

Exclusive use of diesel fuel and kerosene by a state, any of its political subdivisions, the District of Columbia, and the American Red Cross, is a nontaxable use.

Aviation Fuel

A registered producer may (optional) sell aviation fuel tax free for exclusive use by a state, any of its political subdivisions, the District of Columbia, and the American Red Cross.

A local government gives the supplier a signed exemption certificate stating the buyer's name, address, employer identification number, registration number (if applicable), and intended use. A buyer may give a separate exemption certificate for each purchase or may give one certificate to cover all purchases from a particular seller for up to one year.

Special Motor Fuels

Exclusive use of special motor fuels by a state, any of its political subdivisions, the District of Columbia, and the American Red Cross, is a nontaxable use.

Compressed Natural Gas

Exclusive use of compressed natural gas by a state, any of its political subdivisions, the District of Columbia, and the American Red Cross, is a nontaxable use.

There is no tax on a delivery in connection with a sale of CNG only if, by the time of sale, the seller meets both the following conditions:

- * The seller has an unexpired certificate from the buyer, and
- * The seller has no reason to believe any of the information in the certificate is false.

The certificate from the buyer certifies the CNG will be used in a nontaxable use. The certificate may be included as part of any business records normally used for sale. A model certificate is shown in *Appendix C of IRS Publication 510: Excise Taxes for 2005* (Revised 4/2005) as *Model Certificate J*.

Your certificate must contain all information necessary to complete the model.

A certificate expires on the earliest of the following dates:

- * The date 1 year after the effective date (which may be no earlier than the date signed) of the certificate.
- * The date a new certificate is provided to the seller.
- * The date the seller is notified the buyer's right to provide a certificate has been withdrawn.

Fuel Used on Inland Waterways

No tax is imposed on the fuel used in a vessel operated by a state or local government in transporting property on official business. The ultimate use of the cargo must be for a function ordinarily carried out by governmental units. Operators who are seeking an exclusion from the tax must keep records that will support any exclusion claimed. (See **IRS Publication 510: Excise Taxes for 2005** (Revised 4/2005) for information on records required to be maintained.)

Manufacturers Taxes on Tires, Sport Fishing Equipment, Bows, and Arrow Components

(Editor -- We just report it, we don't write it!!)

The sale of tires, sport fishing equipment, bows and arrow components to a state or local government for the exclusive use of the state or local government (a state, any of its political subdivisions, the District of Columbia, and the American Red Cross) is exempt from the manufacturers tax. (See **IRS Publication 510: Excise Taxes for 2005** (Revised 4/2005) and Form 637 for information on registration or certification requirements.)

Retail Tax on Heavy Trucks, Trailers and Tractors

Ambulances are, and trash containers may be, exempt from this tax. Sales to a state or local government for its exclusive use are ordinarily exempt from this tax. Certain registration exceptions apply in the case of sales to state and local governments and to foreign purchasers for export. See Form 637 instructions for more information.

Donations Made to Michigan Townships are Eligible for a Michigan Tax Credit

A state of Michigan tax credit is available for contributions made to a Michigan township for the smaller of 50% of the contribution or \$100 (\$200 for a joint return). (*Note: Townships are not authorized to make donations (gifts) of public money.*)

Michigan Townships are Exempt from Michigan Sale and Use Taxes

Sales to Governmental Entities

Section 4 of the General Sales Tax Act [MCL 205.54(6)] and Michigan Sales and Use Tax Administrative Rule, 1979 AC, R 205.79, provide that sales to the United States government, the State of Michigan, and their political subdivisions, departments and institutions, and the American Red Cross and its chapters and branches are not taxable when ordered on a governmental purchase order and paid for by warrant on government funds. At the time of purchase the governmental entity should indicate on the Certificate of Exemption, any exemption certificate contained in an Sales and Use Tax Administrative Rule, or Uniform Sales and Use Tax Certificate approved by the Multistate Tax Commission that payment is from funds of the governmental entity. Sales to other States or their departments are subject to tax.

See attached **Sales and Use Tax Exemptions and Requirements** (RAB 2002-15) and **Michigan Sales and Use Tax Certificate of Exemption** (Michigan Department of Treasury Form 3372).

Michigan Sales and Use Tax Certificate of Exemption

TO BE RETAINED IN THE SELLER'S RECORDS - DO NOT SEND TO TREASURY.

This certificate is invalid unless all four sections are completed by the purchaser.

SECTION 1: CHECK ONE OF THE FOLLOWING

- One time purchase
- Blanket certificate (Note: A blanket certificate is valid for four years from the date of signature unless an earlier expiration date is listed below)
Expiration date, if less than four years: _____.

The purchaser hereby claims exemption on the purchase of tangible personal property and selected services made under this certificate from _____ and certifies
(Vendor's Name)
that this claim is based upon the purchaser's proposed use of the items or services, or the status of the purchaser.

SECTION 2: ITEMS COVERED BY THIS CERTIFICATE

- All items purchased
- Limited to the following items: _____

SECTION 3: BASIS FOR EXEMPTION CLAIM

- For Resale at Retail - Sales Tax Registration Number: _____
- For Resale at Wholesale - No Tax Number Required
- For Lease - Use Tax Registration Number: _____
- Agricultural Production ____% - No Tax Number Required (Describe) _____
- Industrial Processing ____% - No Tax Number Required
- Government Entity, Nonprofit School, Nonprofit Hospital, and Church (Circle type of organization.)
- Nonprofit Internal Revenue Code Section 501(c)(3) and 501(c)(4) Exempt Organizations (Attach copy of IRS letter ruling).
- Nonprofit Organizations with an Exempt letter from the State of Michigan (Attach a copy of State's letter)
- Multiple Points of Use (claim ONLY for electronically delivered software - purchaser assumes tax payment obligation)
- Direct Mail (delivered to multiple taxing jurisdictions - purchaser assumes tax payment obligation)
- Other (explain): _____

SECTION 4: CERTIFICATION

I declare, under penalty of perjury, that the information on this certificate is true, that I have consulted the statutes, administrative rules and other sources of law applicable to my exemption, and that I have exercised reasonable care in assuring that my claim of exemption is valid under Michigan law. In the event this claim is disallowed, I accept full responsibility for the payment of tax, penalty and any accrued interest, including, if necessary, reimbursement to the vendor for tax and accrued interest.

Purchaser Street Address

Area Code / Telephone No. City State Zip Code

Signature and Title Date Signed

Name (Print or Type) Social Security No. or FEIN



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JOHN ENGLER
GOVERNOR

DOUGLAS B. ROBERTS
STATE TREASURER

NP-

THIS EXEMPT IO FORM IS NOT TRANSFERABLE
TO ANOTHER INDIVIDUAL OR ENTITY.

Effective Date

This letter serves as notice to a seller that your organization qualifies to buy goods and services without paying the Michigan sales or use tax. **TREASURY DOES NOT ISSUE TAX EXEMPT NUMBERS.**

To buy goods and taxable services without paying a sales or use tax, present:

- a copy of this letter, and
- a completed certificate (below) certifying to the seller that the goods or services being purchased are for purposes of the organization and are being paid for from organizational funds. The seller must keep a copy of this certificate with the record of the sale.

Please note the following:

1. This exemption does not apply to the purchase of tangible personal property or to the purchase of vehicles that are not used primarily to carry out the purposes of your organization as stated in your bylaws or articles of incorporation.
2. Employees or members may NOT use this exemption to purchase goods or services for personal use.

The Michigan Department of Treasury may review your exempt status at any time to verify your eligibility. If the Internal Revenue Service revokes your exempt status, if a Treasury audit discovers non-exempt status, or if for any other reason your organization no longer qualifies for exemption, then your organization is subject immediately to sales or use tax on its purchases.

Please notify us if you have a name or address change.

If you have any questions, please write or call this office at (517) 373-3190.

Sincerely,

Dale P. Vettel, Administrator
Technical Services Division

CERTIFICATE REQUIRED FOR TAX-EXEMPT SALES

I certify that the item or items being purchased are to be used or consumed in connection with the operation of the exempt institution or agency named above and that the consideration for this purchase moves from the funds of the designated institution or agency. In the event this claim is disallowed, the transferee promises to reimburse the seller for the amount of tax involved.

Signature of Authorized Representative of Non-Profit Organization	Date
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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JOHN ENGLER
GOVERNOR

DOUGLAS B. ROBERTS
STATE TREASURER

REVENUE ADMINISTRATIVE BULLETIN 2002-15

Approved: June 10, 2002

SALES AND USE TAX EXEMPTIONS AND REQUIREMENTS

(Replaces Revenue Administrative Bulletin 1996-6 for Periods On or After June 29, 2000)

RAB 2002-15. This Revenue Administrative Bulletin (RAB) describes sales and use tax exemption claim procedures and formats including the amendments to the General Sales Tax Act of Public Act 242 of 2000. This RAB addresses exemption claims based on the status of the purchaser (e.g., exempt entities) and exemption claims based on the use of the acquired property or specified service (e.g., industrial processing). This RAB does not cover exemption claims that are based solely on the type of product being sold (e.g., non-prepared food or prescription drugs for human use).

This RAB replaces RAB 1996-6 in its entirety for periods on or after June 29, 2000. This RAB reflects the new definition of “good faith” and the change from three years to four for the maximum length of time for which a properly executed blanket exemption is valid.

ISSUES

- I. How are exemptions claimed?
- II. What is a valid form of exemption certificate?
- III. What documents or tax exemption numbers must a seller obtain to adequately document an exempt sale?
- IV. Under what conditions may purchase orders be used as a substitute for a Certificate of Exemption?
- V. What good faith standard must a seller meet in making an exempt sale?
- VI. How long must a taxpayer retain a Certificate of Exemption and supporting documentation?
- VII. What are some of the most common status-based or use-based claims for exemption?

CONCLUSIONS

- I. Beginning June 29, 2000, a purchaser shall claim a single purchase exemption by delivering to the seller a completed Certificate of Exemption as described in Section II of this RAB. For a multiple purchase exemption, the purchaser shall deliver a completed blanket Certificate of Exemption described in Section II of this RAB. A blanket Certificate of Exemption remains in effect for the following four-year period unless the buyer and seller indicate on the certificate or otherwise in writing that a period of less than four years will apply. For rules governing periods prior to June 29, 2000, refer to RAB 1996-6.
- II. The Department's prescribed form for the Certificate of Exemption is included in this RAB. The purchaser shall complete all four sections of the exemption certificate to establish a valid exemption claim. In lieu of the Certificate of Exemption, the purchaser shall use: 1) any exemption certificate format contained in a current Sales and Use Tax Administrative rule; 2) the Uniform Sales and Use Tax Certificate approved by the Multistate Tax Commission; or, 3) a purchase order issued by the purchaser meeting all of the requirements set forth in Paragraph IV of this RAB as set forth below; 4) an exemption form approved by the Department that contains the same information found in all sections of the Department's Certificate of Exemption. Only these items constitute a valid "Certificate of Exemption."
- III. The Department issues sales tax license numbers to retail sellers which document a purchaser's ability to purchase items exempt under a claim of "for resale at retail." The Department also issues use tax registration numbers to lessors who elect to pay use tax on rental receipts rather than sales tax on the price of the property acquired for rental. When a purchaser claims an exemption based on an election to pay use tax on rental receipts or claims that the purchase is for "resale at retail," the seller is required to obtain the purchaser's sales or use tax number. In all other instances, sellers need not require a number as evidence of a purchaser's ability to claim exemption from sales and use taxes.

Some entitlements for statutory sales and use tax exemptions are evidenced by specified documents such as an Internal Revenue Service letter in the case of a nonprofit tax-exempt entity. In these cases, the seller shall obtain the specified document and retain it to substantiate the claim of exemption

- IV. A purchase order that contains all of the information and attachments described in Section II of this RAB is a valid exemption certificate for single purchases. Purchase orders intended to serve as a blanket Certificate of Exemption for multiple purchases must expressly state that intention on the purchase order. Purchase orders do not terminate a previously issued blanket Certificate of Exemption unless the purchase order makes specific reference to the date of the blanket Certificate of Exemption and states what was covered in the certificate it intends to terminate.

- V. A seller must meet a “good faith” standard required by law. Effective June 29, 2000, “good faith” means that the seller received a completed and signed Certificate of Exemption from the purchaser. Exemptions will not be recognized without a properly completed Certificate of Exemption. For rules governing periods prior to June 29, 2000, refer to RAB 1996-6.
- VI. Sellers shall retain exemption certificates for a period of not less than four years from the date of the last sale the exemption certificate applies to. **Do not send the exemption certificates to the Department unless requested by the Department in writing.**
- VII. The more common exemptions are listed on the Certificate of Exemption and are briefly discussed in this Section. Exemptions not listed on the Certificate of Exemption shall be entered on the line titled “Other (explain).”

The more common exemptions are as follows:

- a) Sales for Resale. Section 2 of the General Sales Tax Act [MCL 205.52] imposes sales tax only upon sales at retail. Sales of property intended for resale are not sales at retail and are exempt.

Claims for exemption by retailers acquiring property for subsequent sale at retail shall state the claim for exemption as “for resale at retail.” Retailers in Michigan are issued sales tax license numbers that must be included on the exemption form. If a retailer is not required to have a Michigan sales tax license number, it may include its home state’s or country’s sales tax license number on the exemption form in lieu of the Michigan sales tax license number.

Wholesalers that make no retail sales are not licensed with the Department and are not issued sales tax license numbers. Wholesalers buying for resale should indicate “for resale at wholesale” on the Certificate of Exemption.

- b) Sales to Agricultural Producers. Section 4a(1)(e) of the General Sales Tax Act [MCL 205.54a(1)(e)] and Section 4(1)(f) of the Use Tax Act [MCL 205.94(1)(f)] provide exemption for the sale of tangible personal property to the extent that the property is used or consumed in connection with the production of qualified agricultural or horticultural pursuits as a business enterprise. No sales tax number is required to support this exemption claim but the exemption certificate shall contain a brief statement of the intended use of the purchased item(s).
- c) Sales to Industrial Processors. Section 4t of the General Sales Tax Act [MCL 205.54t] and Section 4(g) of the Use Tax Act [MCL 205.94(o)] exempt sales of tangible personal property for use or consumption in “industrial processing” to the extent the purchased items are used for such purpose. Industrial processing means the activity of converting or conditioning tangible personal property by changing the form, composition, quality, combination, or character of the property for ultimate sale

- at retail or for use in the manufacturing of a product to be ultimately sold at retail. In addition, specifically enumerated activities and property are also listed as exempt in the statute. No sales tax license number is required to support an industrial processing claim. For a more complete discussion of industrial processing see the RAB titled, "Sales and Use Tax – Industrial Processing."
- d) Sales to Governmental Entities. Section 4 of the General Sales Tax Act [MCL 205.54(7)] and Section 4 of the Use Tax Act [MCL 205.94(1)(g)] provide that sales of tangible personal property and selected services to (i) the United States government and certain of its agencies and instrumentalities, (ii) the State of Michigan and its political subdivisions, departments and institutions, and (iii) the American Red Cross and its chapters and branches are not taxable. The seller shall document these sales by obtaining a governmental purchase order and the governmental entity shall indicate on the Certificate of Exemption that payment is from funds of the governmental entity. Sales to other states or their departments are subject to tax.
- e) Sales Not for Resale to Nonprofit Schools, Nonprofit Hospitals, and Churches. Section 4a(1)(a) and (b) of the General Sales Tax Act [MCL 205.54a(1)(a) and (b)] and Section 4(1)(h) and (i) of the Use Tax Act [MCL 205.94(1)(h) and (i)] provide that certain sales of tangible personal property and selected services to certain nonprofit schools, parent cooperative preschools, nonprofit hospitals, or regularly organized churches or houses of religious worship are exempt. The exempt entity shall indicate that the entity and not a named employee is the purchaser. Payment for the purchase shall be made with the entity's funds. For a more complete discussion of nonprofit entities see the RAB, titled, "Nonprofit Entities."
- f) Sales Not for Resale to Other Nonprofit Organizations. Section 4q of the General Sales Tax Act [MCL 205.54q] and Section 4(1)(y) of the Use Tax Act [MCL 205.94(1)(y)] provide that certain sales of tangible personal property and selected services to organizations described in these sections are exempt from tax to the extent that the tangible personal property purchased is used or consumed primarily in carrying out the purposes of the institution or agency as stated in the bylaws or articles of incorporation of the exempt entity. Exemptions for such sales shall be documented as follows:
1. Health, welfare, educational, cultural arts, charitable, or benevolent organizations previously certified as exempt shall complete a Certificate of Exemption and shall present to the seller a copy of the "exemption ruling letter," signed by the Administrator of the Sales, Use and Withholding Taxes Division of the Department, reissued after June 12, 1994 (sample copy attached). The entity and not a named employee shall be indicated as the purchaser on the Certificate of Exemption. Payment for the purchase shall be made with entity's funds.

2. Organizations not previously certified as exempt shall:
 - a) Present a completed Certificate of Exemption indicating “for nonprofit organization exempt from Federal income tax under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code, and
 - b) Include a copy of their Federal exemption letter. (A two-sided, one page document could be utilized, with one side the exemption certificate, and the other a reproduction of the Federal ruling or determination letter recognizing tax-exempt status), and
 - c) Indicate the entity and not a named employee as the purchaser, and
 - d) Make payment for the purchase with the entity’s funds.

For a complete discussion on nonprofit entities, see the RAB titled “Nonprofit Entities.”

LAW AND ANALYSIS

Exemptions are strictly construed in favor of the taxing authority and the burden of proving entitlement to an exemption rests on the party asserting it. *Elias Bros Restaurants Inc v Dep’t of Treasury*, 452 Mich 144, 150 (1996).

Section 17 of the General Sales Tax Act [MCL 205.67] and Section 14 of the Use Tax Act [MCL 205.104] require that taxpayers maintain accurate and complete inventory records as well as all pertinent documents in a form the Department requires. These sections also provide that if an exemption from tax is claimed a record shall be kept of the name and address of the person to whom the sale is made, the date of the sale, the article purchased, the type of exemption claimed, the amount of the sale, and, if that person has a sales tax license, the sales tax license number. If a taxpayer fails to maintain or preserve the records as required, the statute authorizes the Department to assess the tax due based on the best information available. Such an assessment shall be deemed correct and the burden to demonstrate that a lesser amount of tax is properly due is on the taxpayer.

Section 17 of the General Sales Tax Act expressly provides for the use of exemption certificates to establish claims for exempt sales.

If a taxpayer maintains the records required under this section, and accepts an exemption certificate from the buyer in good faith on a form prescribed by the Department, the taxpayer is not liable for collection of the unpaid tax after a finding that the sale did not qualify for exemption under this act. Effective June 29, 2000, “good faith” means that the taxpayer received a completed and signed exemption certificate from the buyer. MCL 205.67. Under prior law, good faith required that the taxpayer “exercised reasonable care and effort to determine that the purchaser was entitled to the exemption being claimed.”

Generally accurate exemption records shall be generated or on file with the vendor at the time of sale. The Department administratively allows sellers a reasonable opportunity to supply missing or misplaced exemption certificates.

Some exemption statutes require the purchaser to receive a specific exemption certificate prior to purchase. For example,

1. Sales to Water or Air Pollution Control Facilities. "Installed as a component part of a water [air] pollution control facility for which a tax exemption certificate is issued pursuant to part 37 [59] of the natural resources and environmental protection act..." [MCL 205.54a(1)(1)].

2. Sales to High Technology Business. "The department has issued a certificate to the business certifying that the eligible property is used for a high technology activity and the other requirements of this section are met." [MCL 205.54(1)].

Unlike Section 17 of the General Sales Tax Act, Section 14 of the Use Tax Act does not expressly provide for the use of an exemption certificate. Section 14 does, however, provide for retention of "all pertinent documents in a form the department may require." This statutory language supports the use of exemption certificates, and where a taxpayer meets the "good faith" requirement by receiving a completed and signed exemption certificate, the taxpayer is not liable if the transaction is subsequently determined to be taxable.

OBTAINING ADDITIONAL INFORMATION

For questions related to this RAB, please call Customer Contact Division, Sales and Use Tax Unit at (517) 636-4730.

**Initial Certificate of Exemption from 3% Communications Excise Tax
for a Political Subdivision of a State**

_____ 20_____
(Date)

I certify that _____
(Local telephone, toll telephone and/or teletypewriter exchange services)

service(s) has/have been furnished by _____
(Name of telephone, telegraph company, etc.)

to the Township of _____, a political subdivision of

the State of Michigan located in _____ County, Michigan;

that the charges of \$_____ will be paid from Township of _____ funds;

and that the charges are exempt from the 3% tax imposed on the following Communications

Service(s): _____
(Local telephone, toll telephone and/or teletypewriter exchange services)

under the Internal Revenue Code because the services are furnished to a political subdivision

of the State of Michigan. An annual exemption certificate is not required to be filed after this

initial certificate to claim an exemption from the communications tax has been filed with

(Name of telephone, telegraph company, etc.)

(Signature of officer or employee)

_____, _____
(Name) (Title)

(Township name)

(Address)

Note: Penalty for fraudulent use, \$10,000 or imprisonment or both.

General Instructions

Section references are to the Internal Revenue Code.

What's New

- Schedules 1 and 3 have been revised to reflect that the reduced rate of excise tax for most alcohol-blended fuels has been eliminated.
- Schedule 3 is re-titled Alcohol Fuel Mixtures and Biodiesel Mixtures to reflect the new claims for refund related to alcohol fuel mixtures and biodiesel mixtures. However, special rules apply. See the *Caution* at the top of Schedule 3.
- Schedule 2 is re-titled Sales by Registered Ultimate Vendors to accommodate new claims for refund by registered ultimate vendors of aviation-grade kerosene and registered ultimate vendors of gasoline and aviation gasoline sold to states and local governments and nonprofit educational organizations.
- Schedule 2 reflects that registered ultimate vendors of undyed diesel fuel and undyed kerosene sold for use by intercity and local buses may make a claim for refund if the ultimate purchaser waives its right to the claim.
- Schedule 4, Gasoline Wholesale Distributors, has been eliminated.
- Fuels used in mobile machinery in an off-highway business use is limited to an annual claim for taxable years beginning after October 22, 2004. See *Annual Claims* on page 3.

Additional Information

You may find the following publications helpful when preparing Form 8849. The publications have definitions of terms used in the instructions.

- **Pub. 510**, Excise Taxes for 2005, has more information on excise taxes.
- **Pub. 378**, Fuel Tax Credits and Refunds, has more information on nontaxable uses.

You may also call the business and specialty tax line at 1-800-829-4933 with your excise tax questions.

Purpose of Form

Use Schedules 1, 2, 3, and 5 to claim certain fuel related refunds such as nontaxable uses (or sales) of fuels. Form 8849 lists the schedules by number and title.

Use Schedule 6 for claims not reportable on Schedules 1, 2, 3, and 5, including refunds of excise taxes reported on:

- **Form 720**, Quarterly Federal Excise Tax Return;
- **Form 730**, Monthly Tax Return for Wagers;
- **Form 11-C**, Occupational Tax and Registration Return for Wagering; or
- **Form 2290**, Heavy Highway Vehicle Use Tax Return.

Filers only need to complete and attach to Form 8849 the applicable schedules.

Do not use Form 8849:

- To make adjustments to liability reported on Forms 720 filed for prior quarters. Use Form 720X.
- To claim amounts that you took or will take as a credit on Schedule C (Form 720), Form 4136, Form 2290, or Form 730.

How To Fill In Form 8849

Name and Address

Print the information in the spaces provided. Begin printing in the first box on the left. Leave a blank box between each name and word. If there are not enough boxes, print as many letters as there are boxes. Use hyphens for compound names; use one box for each hyphen.

P.O. box. If your post office does not deliver mail to your street address and you have a P.O. box, show your box number instead of your street address.

Foreign address. Enter the information in the following order: city, state or province, and the name of the country. Follow the country's practice for entering the postal code. Do not abbreviate the country's name.

Taxpayer Identification Number (TIN)

Enter your employer identification number (EIN) in the boxes provided. If you are not required to have an EIN, enter your social security number (SSN). An incorrect or missing number will delay processing your claim.

Month Income Tax Year Ends

Enter the month your income tax year ends. For example, if your income tax year ends in December, enter "12" in the boxes. If your year ends in March, enter "03".

Signature

Form 8849 must be signed by a person with authority to sign this form for the claimant.

Where To File

- For Schedules 1 and 6, mail Form 8849 to:
Internal Revenue Service
Cincinnati, OH 45999-0002
- For Schedules 2, 3, and 5, mail Form 8849 to:
Internal Revenue Service
P.O. Box 312
Covington, KY 41012-0312

Caution: *Private delivery services designated by the IRS cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address. For details on designated private delivery services, see **Pub. 509**, Tax Calendars for 2005.*

Including the Refund in Income

Include any refund of excise taxes in your gross income if you claimed the amount of the tax as an expense deduction that reduced your income tax liability. See Pub. 378 for more information.

Information for Completing Schedules 1, 2, 3, and 5

Note: *Your refund will be delayed or Form 8849 will be returned to you if you do not follow the required procedures or do not provide all the required information. See the instructions for each schedule.*

Complete each schedule and attach all information requested for each claim you make. Be sure to enter your name and TIN on each schedule you attach. Generally, for each claim, you must enter the:

- Period of the claim.
- Item number (when requested) from the **Type of Use Table** on page 3.
- Rate (as needed). See the separate schedule instructions.
- Number of gallons.
- Amount of refund.

If you need more space for any line on a schedule (for example, you have more than one type of use) prepare a separate sheet with the same information. Include your name and TIN.

Period of Claim

Enter the period of the claim for each type of claim using the MMDDYYYY format. For example, the first quarter of 2005 for a calendar-year taxpayer would be 01012005 to 03312005.

Type of Use Table

The following table lists the nontaxable uses of fuels. You must enter the number from the table in the **Type of Use** column as required on Schedules 1 and 2.

No.	Type of Use
1	On a farm for farming purposes
2	Off-highway business use (for business use other than in a highway vehicle registered or required to be registered for highway use) (other than use in mobile machinery)
3	Export
4	In a boat engaged in commercial fishing
5	In certain intercity and local buses
6	For diesel fuel or kerosene in a qualified local bus
7	In a bus transporting students and employees of schools (school buses)
8	For diesel fuel and kerosene (other than aviation-grade kerosene) used other than as a fuel in the propulsion engine of a train or diesel-powered highway vehicle (but not off-highway business use)
9	In foreign trade
10	Certain helicopter and fixed-wing air ambulance uses
11	For aviation-grade kerosene used other than as a fuel in the propulsion engine of an aircraft
12	In a highway vehicle owned by the United States that is not used on a highway
13	Exclusive use by a nonprofit educational organization
14	Exclusive use by a state, political subdivision of a state, or the District of Columbia
15	In an aircraft or vehicle owned by an aircraft museum
16	In military aircraft
17	For use in the production of special fuels

Additional Information for Schedules 1, 2, and 3

Annual Claims

An annual claim must be made on **Form 4136**, Credit for Federal Tax Paid on Fuels, for the income tax year during which the fuel was:

- Used by the ultimate purchaser.
- Sold by the registered ultimate vendor.
- Used to produce alcohol fuel mixtures and biodiesel mixtures.
- Used in mobile machinery for taxable years beginning after October 22, 2004.

The following claimants must use Form 8849 (Schedule 1) for annual claims:

1. The United States,
2. A state, political subdivision of a state, or the District of Columbia, and

3. Organizations exempt from income tax under section 501(a) (provided that the organization is not required to file **Form 990-T**, Exempt Organization Business Income Tax Return, for that taxable year).

For claimants included in 1–3 above, the annual Form 8849 for fuel used during the taxable year must be filed within the 3 years following the close of the taxable year. For these claimants, the taxable year is based on the calendar year or fiscal year it regularly uses to keep its books.

Note: Gasoline used by the above claimants on a farm for farming purposes (type of use 1) is an allowable use on Line 1 of Schedule 1.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on the form and schedules to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle F, Procedure and Administration, of the Internal Revenue Code allows refunds of taxes imposed under Subtitle D, Miscellaneous Excise Taxes. The form and schedules are used to determine the amount of the refund that is due to you. Section 6109 requires you to provide your taxpayer identification number (SSN or EIN). Routine uses of tax information include giving it to the Department of Justice for civil and criminal litigation, and cities, states, and the District of Columbia for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement agencies and intelligence agencies to combat terrorism.

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 the form and schedules will vary depending on individual circumstances. The estimated average times are:

	Recordkeeping	Learning about the law or the form	Preparing, copying, assembling, and sending the form to the IRS
Form 8849	3 hr., 21 min.	28 min.	24 min.
Schedule 1	12 hr., 54 min.		12 min.
Schedule 2	13 hr., 23 min.	6 min.	19 min.
Schedule 3	3 hr., 6 min.	6 min.	9 min.
Schedule 5	4 hr., 18 min.	6 min.	10 min.
Schedule 6	2 hr., 9 min.	12 min.	14 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making the form and schedules simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6406, Washington, DC 20224. Do not send Form 8849 to this address. Instead, see *Where To File* on page 2.

Sales by Registered Ultimate Vendors

OMB No. 1545-1420

▶ Attach to Form 8849. Do not file with any other schedule.

Name as shown on Form 8849	EIN	Total refund (see instructions)
		\$

Period of claim: Enter month, day, and year
in MMDDYYYY format.

From ▶

To ▶

- Claimant's registration no. ▶** U V _____ *Complete for lines 1a, 1b, 2a, 2b, 4a, 4b, 5a, and 5b.
Note: UV claimant must complete line 6 or 7 on page 3.*
- ▶ U B _____ *Complete for lines 1c and 2d.*
- ▶ U P _____ *Complete for line 2c.*
- ▶ U A _____ *Complete for line 3.*

1 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel

Claimant sold the diesel fuel at a tax-excluded price, repaid the amount of tax to the buyer, or obtained written consent of the buyer to make the claim. **For lines 1a and 1b**, claimant has obtained the required certificate from the buyer and has no reason to believe any information in the certificate or statement is false. **For line 1c**, claimant has obtained an unexpired waiver from the buyer and has no reason to believe any of the information in the waiver is false.

Claimant certifies that the diesel fuel did not contain visible evidence of dye.

Exception. If any of the diesel fuel included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here

	(a) Rate	(b) Gallons	(c) Amount of refund <i>Multiply col. (a) by col. (b)</i>	(d) CRN
a Use on a farm for farming purposes	\$.244		\$	360
b Use by a state or local government	.244			
c Use in certain intercity and local buses	.17			350

2 Sales by Registered Ultimate Vendors of Undyed Kerosene (other than aviation-grade kerosene)

Claimant sold the kerosene at a tax-excluded price, repaid the amount of tax to the buyer, or obtained written consent of the buyer to make the claim. **For lines 2a and 2b**, claimant has obtained the required certificate from the buyer and has no reason to believe any information in the certificate is false. **For line 2c**, claimant has a statement, if required, that contains: the date of sale, name and address of the buyer, and the number of gallons of kerosene sold to the buyer. **For line 2d**, claimant has obtained an unexpired waiver from the buyer and has no reason to believe any of the information in the waiver is false. See the instructions for additional information to be submitted.

Claimant certifies that the kerosene did not contain visible evidence of dye.

Exception. If any of the kerosene included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here

	(a) Rate	(b) Gallons	(c) Amount of refund <i>Multiply col. (a) by col. (b)</i>	(d) CRN
a Use on a farm for farming purposes	\$.244		\$	346
b Use by a state or local government	.244			
c Sales from a blocked pump	.244			
d Use in certain intercity and local buses	.17			350

Name as shown on Form 8849

EIN

3 Sales by Registered Ultimate Vendors of Aviation-Grade Kerosene

Claimant sold the aviation-grade kerosene at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to make the claim. **For lines 3a and 3b**, claimant has obtained an unexpired waiver from the buyer and has no reason to believe any of the information in the waiver is false. **For lines 3c and 3d**, claimant has obtained the required certificate from the buyer and has no reason to believe any of the information in the certificate is false. See the instructions for additional information to be submitted.

Claimant certifies that the aviation-grade kerosene did not contain visible evidence of dye.

Exception. If any of the aviation-grade kerosene included in this claim **did** contain visible evidence of dye, attach a detailed explanation and check here

	Type of use	(a) Rate	(b) Gallons	(c) Amount of refund <i>multiply col. (a) by col. (b)</i>	(d) CRN
a	Use in commercial aviation (other than foreign trade)	\$.175		\$	355
b	Other nontaxable use	.219			369
c	Use on a farm for farming purposes	.219			
d	Use by a state or local government	.219			

4 Sales by Registered Ultimate Vendors of Gasoline

Claimant sold the gasoline at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to make the claim; and obtained an unexpired certificate from the buyer and has no reason to believe any information in the certificate is false. See the instructions for additional information to be submitted.

	(a) Rate	(b) Gallons	(c) Amount of refund <i>Multiply col. (a) by col. (b)</i>	(d) CRN
a	Use by a nonprofit educational organization	\$.184	\$	362
b	Use by a state or local government	.184		

5 Sales by Registered Ultimate Vendors of Aviation Gasoline

Claimant sold the aviation gasoline at a tax-excluded price and has not collected the amount of tax from the buyer, repaid the amount of tax to the buyer, or has obtained written consent of the buyer to make the claim; and obtained an unexpired certificate from the buyer and has no reason to believe any information in the certificate is false. See the instructions for additional information to be submitted.

	(a) Rate	(b) Gallons	(c) Amount of refund <i>Multiply col. (a) by col. (b)</i>	(d) CRN
a	Use by a nonprofit educational organization	\$.194	\$	324
b	Use by a state or local government	.194		

Instructions

What's New

- Registered ultimate vendors use Schedule 2 to make a claim for refund of aviation-grade kerosene for nontaxable uses, diesel fuel or kerosene for use in certain intercity and local buses, and gasoline or aviation gasoline for the exclusive use of a state or local government or a nonprofit educational organization.
- Existing UV registrants can use their UV registration number to file registered ultimate vendor claims for aviation-grade kerosene and diesel fuel for use in certain intercity and local buses until June 30, 2005.
- Existing UV or UP registrants can use their registration number to file registered ultimate vendor claims for gasoline and aviation gasoline. You do not have to apply for a new registration number.

See *Registration Number* below if you do not have a valid registration number.

Purpose of Schedule

A registered ultimate vendor of undyed diesel fuel, undyed kerosene, aviation-grade kerosene, gasoline, or aviation gasoline uses Schedule 2 to make a claim for refund.

Total Refund

Add all amounts in column (c) and enter the result in the total refund box at the top of the schedule.

Registration Number

You must enter your registration number. You are registered if you received a letter of registration with a registration number from the IRS that has not been revoked or suspended. See the list below. If you do not have a registration number, you cannot make this claim. Use **Form 637**, Application for Registration (For Certain Excise Tax Activities), to apply for one.

- UV** Ultimate vendor of undyed diesel fuel, undyed kerosene, gasoline or aviation gasoline; lines 1a, 1b, 2a, 2b, 4a, 4b, 5a, and 5b.
- UB** Ultimate vendor of undyed diesel fuel or undyed kerosene for certain intercity and local buses; lines 1c and 2d.
- UP** Ultimate vendor of kerosene sold from a blocked pump; line 2c.
- UA** Ultimate vendor of aviation-grade kerosene; lines 3a, 3b, 3c, and 3d.

Required Certificate or Waiver

The certificate for undyed diesel fuel and undyed kerosene must contain all the information as shown in the Model Certificate in Regulations section 48.6427-9(e)(2).

Model certificates or waivers for sales of undyed diesel fuel or undyed kerosene for use in certain intercity and local buses, aviation-grade kerosene, gasoline, and aviation gasoline can be found in Notice 2005-4. You can find Notice 2005-4 on page 289 of Internal Revenue Bulletin 2005-2 at www.irs.gov/pub/irs-irbs/irb05-02.pdf.

How To File

Attach Schedule 2 to Form 8849. On the envelope write "Registered Ultimate Vendor Claim" and mail to the IRS at the address under **Where To File** in the Form 8849 instructions.

Lines 1a and 1b. Sales by Ultimate Vendors of Undyed Diesel Fuel

Claimant. The registered ultimate vendor of the diesel fuel is the only person eligible to make this claim.

Allowable sales. The diesel fuel must have been sold during the period of claim for:

- Use on a farm for farming purposes or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

- The claim must be for diesel fuel sold during a period that is at least 1 week.
- The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 1, 2, and 3 may be combined.

3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Information to be submitted. Complete **Line 6**, Farmer and Government Unit Information, for each farmer, custom harvester, or governmental unit to whom the diesel fuel was sold and the number of gallons sold to each. If more space is needed, attach additional sheets.

Line 1c. Sales by Ultimate Vendors of Undyed Diesel Fuel for Use in Certain Intercity and Local Buses

Claimant. The registered ultimate vendor of the diesel fuel is eligible to make a claim on line 1c only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. Only one claim may be filed with respect to any gallon of diesel fuel.

Claim requirements. The following requirements must be met:

- The claim must be for diesel fuel sold during a period that is at least 1 week.
- The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 1, 2, and 3 may be combined.

3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Lines 2a and 2b. Sales by Registered Ultimate Vendors of Undyed Kerosene (Not From a Blocked Pump)

Claimant. The registered ultimate vendor of the kerosene is the only person eligible to make this claim.

Allowable sales. The kerosene must have been sold during the period of claim for:

- Use on a farm for farming purposes or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

1. The claim must be for kerosene sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 2(a), (b), (c), and (d) may be combined.
3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for kerosene sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Information to be submitted. Complete **Line 6**, Farmer and Government Unit Information, for each farmer, custom harvester, or governmental unit to whom the kerosene was sold and the number of gallons sold to each.

Line 2c. Sales by Registered Ultimate Vendors of Undyed Kerosene From a Blocked Pump

Claimant. The registered ultimate vendor of kerosene sold from a blocked pump is the only person eligible to make this claim.

Claim requirements. The following requirements must be met:

1. The claim must be for kerosene sold from a blocked pump during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 2(a), (b), (c) and (d) may be combined.
3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for kerosene sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Line 2d. Sales by Ultimate Vendors of Undyed Kerosene for Use in Certain Intercity and Local Buses

Claimant. The registered ultimate vendor of the kerosene is eligible to make a claim on line 2d only if the buyer waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired waiver. Only one claim may be filed with respect to any gallon of kerosene.

Claim requirements. The following requirements must be met:

1. The claim must be for kerosene sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$100. To meet this minimum, amounts from lines 2(a), (b), (c), and (d) may be combined.

3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for diesel fuel sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Lines 3a and 3b. Sales by Registered Ultimate Vendors of Aviation-Grade Kerosene

Claimant. The registered ultimate vendor of the aviation-grade kerosene is the only person eligible to make this claim if the buyer waives his or her right by providing the registered ultimate vendor with an unexpired waiver. Only one claim may be filed with respect to any gallon of aviation-grade kerosene.

Allowable sales. The aviation-grade kerosene must have been sold during the period of claim for:

- Use in commercial aviation (except foreign trade), or
- Types of use 3, 9, 10, 13, 15, or 16.

Claim requirements. The following requirements must be met:

1. The claim must be for aviation grade kerosene sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 1, 2, and 3 may be combined.
3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for kerosene sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Lines 3c and 3d. Sales by Registered Ultimate Vendors of Aviation-Grade Kerosene

Claimant. The registered ultimate vendor of the aviation-grade kerosene is the only person eligible to make this claim.

Allowable sales. The aviation-grade kerosene must have been sold during the period of claim for:

- Use on a farm for farming purposes or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

1. The claim must be for kerosene sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 1, 2, and 3 may be combined.
3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for kerosene sold during September and October must be filed by December 31.

Note: If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.

Information to be submitted. Complete **Line 6**, Farmer and Government Unit Information, for each farmer, custom harvester, or governmental unit to whom the kerosene was sold and the number of gallons sold to each.

Lines 4a and 4b. Sales by Registered Ultimate Vendors of Gasoline

Claimant. The registered ultimate vendor of the gasoline is eligible to make a claim on lines 4a and 4b if the ultimate purchaser waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired certificate. Only one claim may be filed with respect to any gallon of gasoline.

Allowable sales. The gasoline must have been sold during the period of claim for:

- Use by a nonprofit educational organization or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

1. The claim must be for gasoline sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 4(a), 4(b), 5(a), and 5(b) may be combined.
3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for gasoline sold during September and October must be filed by December 31.

Note: *If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.*

Information to be submitted. Complete **Line 7**, Nonprofit Educational Organization and Government Unit Information, for each nonprofit educational organization or governmental unit to whom the gasoline was sold and the number of gallons sold to each.

Lines 5a and 5b. Sales by Registered Ultimate Vendors of Aviation Gasoline

Claimant. The registered ultimate vendor of the aviation gasoline is eligible to make a claim on lines 5a and 5b if the ultimate purchaser waives his or her right to make the claim by providing the registered ultimate vendor with an unexpired certificate. Only one claim may be filed with respect to any gallon of aviation gasoline.

Allowable sales. The aviation gasoline must have been sold during the period of claim for:

- Use by a nonprofit educational organization or
- Use by a state or local government (including essential government use by an Indian tribal government).

Claim requirements. The following requirements must be met:

1. The claim must be for aviation gasoline sold during a period that is at least 1 week.
2. The amount of the claim must be at least \$200. To meet this minimum, amounts from lines 4(a), 4(b), 5(a), and 5(b) may be combined.
3. The claim must be filed by the last day of the first quarter following the earliest quarter of the claimant's income tax year included in the claim. For example, a calendar-year claimant's claim for aviation gasoline sold during September and October must be filed by December 31.

Note: *If requirements 1–3 above are not met, see **Annual Claims** in the Form 8849 instructions.*

Information to be submitted. Complete **Line 7**, Nonprofit Educational Organization and Government Unit Information, for each nonprofit educational organization or governmental unit to whom the aviation gasoline was sold and the number of gallons sold to each.

Instructions

Section references are to the Internal Revenue Code.

Purpose of Schedule

A person who paid the second tax to the government uses Schedule 5 to make a claim for refund.

Section 4081(e) Claims

Section 4081(e) applies to gasoline, aviation gasoline, diesel fuel, kerosene (other than aviation-grade kerosene), and aviation-grade kerosene.

If two taxes were paid on the fuel for which the claim is filed, then a claim for refund of the second tax may be made.

Example. Janet is a taxable fuel registrant that owns 10,000 gallons of gasoline that is being transported on a vessel in the United States. On June 1, 2005, Janet sells the gasoline to Hazel, a person that is not a taxable fuel registrant. Janet is liable for tax on this sale. Janet prepares a First Taxpayer's Report related to this sale and gives a copy of the report to Hazel.

On June 4, 2005, Hazel sells the same gallons of gasoline to Caroline, a taxable fuel registrant. Hazel also gives Caroline a copy of Janet's First Taxpayer's Report and a Statement of Subsequent Seller. On June 9, 2005, the gasoline is removed from a terminal at the rack. Caroline is the position holder of the gasoline at the time of the removal and thus is liable for tax on the removal. Caroline pays this tax to the government.

After Caroline has filed a return of this second tax, Caroline files Form 8849 and Schedule 5 for a refund for the second tax and includes a copy of the First Taxpayer's Report and Statement of Subsequent Seller. In Part I of Schedule 5, Caroline enters "1840.00" in column **1(a)**. In Part II, Caroline enters "1" in column **(c)**; "06092005" in column **(d)**; "10000.00" in column **(e)**; and "1840.00" in column **(f)**.

Claimant

The person who paid the second tax to the government is the only person eligible to make this claim.

Claim Requirement

Generally, the claim must be filed within 3 years from the time the return for the second tax was filed or 2 years from the time the second tax was paid to the government, whichever is later.

Total Refund

Add all amounts in column **(a)** and enter the result in the total refund box at the top of the Schedule.

Part I

For each type of fuel, enter the total of all amounts from column **(f)**, Part II.

Part II

For each payment of a second tax, complete all the information required.

Information to be Attached

1. A copy of the First Taxpayer's Report that relates to the fuel covered by each claim and
2. If the fuel covered by the claim was bought from someone other than the first taxpayer, a copy of the Statement of Subsequent Seller that the claimant received with respect to that fuel.

The First Taxpayer's Report and Statement of Subsequent Seller must contain all the information as shown in Model Certificates A and B in Appendix B of Pub. 510.

How To File

Attach Schedule 5 to Form 8849. On the envelope write "Section 4081(e) Claim" and mail to the IRS at the address under *Where To File* in the Form 8849 instructions.