



## 2009 Biodiesel Blending and Storage Credit

15-32-703, MCA

Name (as it appears on your tax return) \_\_\_\_\_

Your Social Security Number or Federal Employer Identification Number \_\_\_\_\_

If this credit was passed through to you from a partnership or S corporation, please enter the name and FEIN of the partnership or S corporation and your percentage of ownership in the partnership or S corporation.

Name \_\_\_\_\_ FEIN \_\_\_\_\_ Percent of Ownership \_\_\_\_\_ %

### Part I: Biodiesel Blending and Storage Credit

Please enter the date that you began blending biodiesel for sale \_\_\_\_\_

In order to qualify for the biodiesel blending and storage credit, you are required to answer "Yes" to the following three questions. If you answer "No" to any one of the questions, you do not qualify for this credit.

1. Did you blend biodiesel with petroleum diesel for sale during this year? ..... 1.  Yes  No
2. Is the storage and blending equipment you purchased used in Montana primarily to blend biodiesel with petroleum diesel?..... 2.  Yes  No
3. Is the biodiesel you blend with petroleum diesel made entirely from Montana-produced feedstocks? ..... 3.  Yes  No

### Part II: Credit Computation

4. List the storage and blending equipment that you purchased that qualifies you for this credit. Attach a copy of your invoice that identifies the date purchased, description of the equipment and the amount you paid for the equipment.

	Date Purchased	Description of Equipment		Cost
a.			a.	
b.			b.	
c.			c.	
d.			d.	
e.			e.	

5. Add the total cost of the equipment listed on lines 4a through 4e above and enter the result. .... 5.
6. If you are a distributor applying for this credit, multiply the amount on line 5 by 15% (0.15) and enter the result here, but not more than \$52,500. .... 6.
7. If you own a motor fuels outlet and are applying for this credit, multiply the amount on line 5 by 15% (0.15) and enter the result here, but not more than \$7,500..... 7.
8. Enter the amount of tax credit being carried forward from previous years. (Please attach a schedule showing years and amounts of carryforward.) ..... 8.
9. Add the amounts on lines 6, 7 and 8 and enter here. **This is your biodiesel blending and storage credit.**..... 9.

If you are an individual, enter the amount on line 9 above on Form 2, Schedule V.

If you are a C corporation, enter the amount on line 9 above on Form CLT-4, Schedule C.

If you are an S corporation, enter the amount on line 9 above on Form CLT-4S, Schedule II.

If you are a Partnership, enter the amount on line 9 above on Form PR-1, Schedule II.

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

## Form BBSC General Instructions

### What is “biodiesel”?

Biodiesel is a fuel produced from monoalkyl esters of long-chain fatty acids derived from vegetable oils, renewable lipids, animal fats, or any combination of these ingredients. This fuel must meet the requirements of ASTM D6751, also known as the Standard Specification for Biodiesel Fuel (B-100) Blend Stock for Distillate Fuels, as adopted by the American Society for Testing and Materials.

### I purchased equipment to begin blending biodiesel with petroleum diesel in a prior year but I have just begun blending the fuel for sale this year. Am I eligible for the biodiesel blending and storage credit?

Yes, you are. The credit is available in any year that you blend biodiesel with petroleum diesel for the purpose of resale. If you purchased the equipment in the two tax years before you began blending the biodiesel and the petroleum diesel, you can use the costs from those years to calculate your current tax year biodiesel blending and storage credit.

### What costs do I use to calculate my biodiesel blending and storage credit?

The cost used to calculate your credit is the amount of the investment that you have made in the qualifying equipment that is used to calculate your depreciation deduction for federal income tax purposes.

### If I am claiming the biodiesel blending and storage credit, can I also deduct the annual depreciation on my investment?

Yes, you can. This credit is not in lieu of any depreciation or amortization deduction that you are allowed for your investment.

### What requirements do I have to meet in order to qualify for the biodiesel blending and storage credit?

In order for you to qualify for this credit, the following requirements have to be met.

- Your investment is for depreciable property that is used primarily to blend biodiesel that is made entirely from Montana-produced feedstocks.
- You blended biodiesel with petroleum diesel for sale during the current tax year.
- Your storage and blending equipment purchased is used in Montana primarily to blend biodiesel for sale.
- You anticipate that your sales of biodiesel will be at least 2% of your total diesel sales by the end of the third year following the initial year you claim the credit.
- You are an owner, contract purchaser, or lessee who has a beneficial interest in a business that blends biodiesel.

### Am I able to carry forward my biodiesel blending and storage credit if I cannot absorb the full amount in my first year I begin blending biodiesel with petroleum diesel?

Yes, you can carry forward unused credit for up to seven years. However, if you are not blending or storing biodiesel for blending during a tax year, no credit can be claimed for the tax year.

### Am I subject to recapturing my credit that I previously received if I cease operating my business?

Yes, you are. If you cease blending biodiesel with petroleum diesel for sale for 12 continuous months, within five years from the year that initially you claimed the credit, or if your blended biodiesel sales were less than 2% of your total diesel sales by the end of your third year, you are required to recapture your credit in the year you cease blending or at the end of your third year if your sales were less than 2% of total diesel sales.

### If my business is a partnership or an S corporation, are my partners or shareholders entitled to the biodiesel blending and storage credit?

As a partnership or an S corporation, your partners or shareholders are entitled to apply this credit against their income tax or corporate license tax liability. The amount of each partner or shareholder's credit is based on their distributive or pro-rata share of the partnership's or S corporation's cost of investing in the specific equipment.

For example, if your business is an S corporation with four shareholders with equal ownership interest, each shareholder would be entitled to 25% of the total credit.

When filing your Montana partnership return Form PR-1, or your Montana S corporation return, Form CLT-4S, report your biodiesel blending and storage credit on Schedule II. Include with your return a completed Form BBSC and a supplemental schedule identifying each partner or shareholder and their pro-rata share of the credit.

**Questions?** Please call us toll free at (866) 859-2254 (in Helena, 444-6900).