Montana Department of REVENUE

MONTANA
BBSC
Rev 03 13

2013 Biodiesel Blending and Storage Credit

15-32-703, MCA

Name (as it appears on your Montana tax return)

Social Security Number ___ - __ - ____ **OR** Federal Employer Identification Number __ - _____

Part I. Partners in a Partnership or Shareholders of an S Corporation

Enter your portion of the biodiesel blending and storage credit here. See instructions. $_____

Business Name of Partnership or S Corporation _____

Federal Employer Identification Number __ - _____

Part II. Qualifications

Please enter the date that you began blending biodiesel for sale _____

To qualify for the biodiesel blending and storage credit, you are required to answer "Yes" to all three of the following questions.

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 III. Credit Computation

Please include a copy of your invoice(s) that identifies for each piece of storage and blending equipment included in lines 1 or 3, the date purchased, description of the equipment and the amount you paid for the equipment.

If you are a distributor applying for this credit:

1. Enter the cost of storage and blending equipment that you purchased that qualifies for this credit. (Amounts included here cannot also be included on line 3.) ..... 1. _____
2. Multiply the amount on line 1 by 15% (0.15) and enter the result here, but not more than $52,500 ..... 2. _____

If you own a motor fuels outlet and are applying for this credit:

3. Enter the cost of storage and blending equipment that you purchased that qualifies for this credit. (Amounts included here cannot also be included on line 1.) ..... 3. _____
4. Multiply the amount on line 3 by 15% (0.15) and enter the result here, but not more than $7,500 ..... 4. _____
5. Enter the amount of tax credit being carried forward from previous years. (Please include a schedule showing years and amounts of carryforward.) ..... 5. _____
6. Add the amounts on lines 2, 4 and 5 and enter the result here. **This is your biodiesel blending and storage credit.** ..... 6. _____

Where to Report Your Credit

- ► Individuals: Form 2, Schedule V
- ► C corporations: Form CLT-4, Schedule C
- ► S corporations: Form CLT-4S, Schedule II
- ► Partnerships: Form PR-1, Schedule II

If you file your Montana tax return electronically, you do not need to mail this form to us unless we ask you for a copy. When you file electronically, you represent that you have retained the required documents in your tax records and will provide them upon the department's request.

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Form BBSC Instructions

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.

What information do I have to include with my return when I claim this credit?

- **Individuals.** If you are filing a paper return, include a copy of Form BBSC with your individual income tax return.
- **C corporations.** If you are filing a paper return, include a copy of Form BBSC with your corporate license tax return.
- **S corporations and partnerships.** If you are filing a paper return, include Form BBSC with your Montana information return Form CLT-4S or PR-1 and include a separate statement identifying each owner and their proportionate share.

You will need to complete a separate Form BBSC for each source you are receiving the credit from. For example, if you are a partner in one partnership that qualified for this credit, and you, as an individual, also qualify for this credit, you would need to complete two forms.

If you file electronically, you do not need to mail this form to us unless we contact you for a copy.

Am I required to recapture 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 you initially 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.

Part I. Partners in a Partnership or Shareholders of an S Corporation

If you complete Part I, do not complete Part II or III.

How do I claim my credit when I am a partner or shareholder in a partnership or S corporation?

If you received this credit from a partnership or S corporation, you will need to fill out Part I in its entirety. Your portion of the credit can be obtained from the Montana Schedule K-1 that you received from the entity. In addition to reporting your portion of the credit, you will need to provide the partnership's or S corporation's name and Federal Employer Identification Number.

If you are a partner or shareholder in more than one partnership or S corporation, you will need to complete a separate Form BBSC for each entity you are receiving the credit from.

Part II. Qualifications

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.

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.

Part III. Credit Computation

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

The costs used to calculate your credit are the amounts that you have invested in depreciable property that is used for storing or blending biodiesel with petroleum diesel for sale.

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.

If the credit exceeds my tax liability, can I carry any excess credit to another tax year?

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.

Administrative Rules of Montana: 42.4.2504

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