

Name(s) \_\_\_\_\_ SSN or FEIN \_\_\_\_\_ Tax Period Ending Date \_\_\_\_\_

Pass-Through Entity (if applicable) \_\_\_\_\_ Pass-Through FEIN \_\_\_\_\_

**PART I – Determination of Biofuel Threshold Percentage Disparity**

Indicate determination method: Company-Wide <input type="checkbox"/> Site-by-Site <input type="checkbox"/>	2017 GALLONS - Beginning of tax year through 12-31-17			2018 GALLONS - 01-01-18 through end of tax year		
	A	B	C (AxB)	D	E	F (DxE)
1. E10 gallons sold at retail .....	1.	10%		1.	10%	
2. E15 gallons sold at retail .....	2.	15%		2.	15%	
3. E85 gallons sold at retail .....	3.	79%		3.	79%	
4. Ethanol gallons sold not E10, E15, or E85 ....	4.	%		4.	%	
5. Total ethanol sold. Add lines 1 through 4 .....	5.			5.		
6. Non-ethanol gasoline gallons sold.....	6.			6.		
7. Total gasoline gallons sold at retail Add lines 5 and 6.....	7.			7.		
8. Biodiesel gallons sold at retail						
a. B2 gallons .....	8a.	2%		8a.	2%	
b. B5 gallons .....	8b.	5%		8b.	5%	
c. B11 gallons .....	8c.	11%		8c.	11%	
d. B20 gallons .....	8d.	20%		8d.	20%	
e. Other biodiesel gallons.....	8e.	%		8e.	%	
9. Total pure biofuel sold. Add lines 5, 8a-8e...	9.			9.		
10. <b>Biofuel distribution percentage</b> – Divide line 9 by line 7, enter percentage to 4 decimals, i.e. 19.05%.....	10.	%		10.	%	
11. <b>Biofuel threshold percentage</b> – Based on annualized sales at all retail locations.....	11.	%		11.	%	
<b>Fiscal year filers see instructions to annualize line 7</b>						
12. <b>Biofuel threshold percentage disparity</b> – Subtract line 10 from line 11, enter to 4 decimals. If zero or less, enter zero .....	12.	%	If 4.01% or more, you are not eligible for this credit	12.	%	If 4.01% or more, you are not eligible for this credit

If line 7 for all sites in 2017 is 200,000 gallons or less, enter 17%  
If line 7 for all sites in 2017 exceeds 200,000 gallons, enter 21%

If line 7 for all sites in 2018 is 200,000 gallons or less, enter 19%  
If line 7 for all sites in 2018 exceeds 200,000 gallons, enter 23%



\*1541151019999\*

**PART II – Determination of Credit**

For Site-by-Site method, provide name and address of Iowa Retail Fuel Site

Name \_\_\_\_\_

Address \_\_\_\_\_

City and ZIP \_\_\_\_\_

Credit calculation for both Company-Wide and Site-by-Site methods	2017 GALLONS Beginning of tax year through 12-31-17 A	2018 GALLONS 01-01-18 through end of tax year B
1. Total pure ethanol sold. Enter line 5 of Part I, Column C/F.....	1. _____	1. _____
2. Eligible tax credit rate per gallon....	2. _____ If column A, line 12 of Part I=0.00%, enter \$0.08 (eight cents) If column A, line 12 of Part I=0.01 to 2.00%, enter \$0.06 (six cents) If column A, line 12 of Part I=2.01 to 4.00%, enter \$0.04 (four cents)	2. _____ If column D, line 12 of Part I=0.00%, enter \$0.08 (eight cents) If column D, line 12 of Part I=0.01 to 2.00%, enter \$0.06 (six cents) If column D, line 12 of Part I=2.01 to 4.00%, enter \$0.04 (four cents)
3. Credit for ethanol sold. Multiply line 1 by line 2.....	3. _____	3. _____
4. Add lines 3A and 3B.....	4. _____	

**PART III – Final Credit Calculation (complete only once for Site-by-Site method)**

1. Ethanol Promotion Tax Credits:
  - Company-Wide method - Line 4 of Part II
  - Site-by-Site method - Add all line 4's from all Part II's
  - Enter in column K of Part II on the IA 148 Tax Credits Schedule ..... 1. \_\_\_\_\_
2. Pass-through Ethanol Promotion Tax Credit from partnership, LLC, S corporation, estate, or trust.
  - Enter in column K of Part II on the IA 148 Tax Credits Schedule and complete Part IV on the IA 148 ..... 2. \_\_\_\_\_

**IA 148 Tax Credits Schedule must be completed.**



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## 2017 IA 137 Ethanol Promotion Tax Credit Instructions

An Ethanol Promotion Tax Credit is available to retail dealers of ethanol blended gasoline who operate fuel pumps at an Iowa retail fuel site. Tank wagons are considered retail fuel sites.

The retail dealer can choose to compute the biofuel distribution percentage, biofuel threshold percentage disparity, and tax credit on a Company-Wide or Site-by-Site basis. The Company-Wide or Site-by-Site method chosen with the first return that begins on or after January 1, 2011 is binding on the retail dealer for subsequent tax years unless the retail dealer petitions the Department for a change in the method.

If the retail dealer chooses the Company-Wide method, then Part I and Part II of the form will include sales at all retail locations in Iowa, and only one Part I and one Part II will be completed. If the retail dealer chooses the Site-by-Site method, then Part I and Part II of the form must be completed for each retail fuel site in Iowa eligible for the tax credit. Only one Part III must be completed under either method. If the Site-by-Site method is chosen, the retail sales at all sites in Iowa must be included in determining the biofuel threshold percentage on line 11 of Part I.

Example: A retail dealer files on a calendar year basis, and chooses the Site-by-Site method to compute the tax credit. The retail dealer has two sites in Iowa, and each site sells 125,000 gallons of gasoline during 2017. The retail dealer must enter 21% as the biofuel threshold percentage on line 11 of each Part I since the total gallons sold during 2017 at all retail sites in Iowa exceed 200,000 gallons.

Provide your name, SSN or FEIN, and tax period ending date. If the Ethanol Promotion Tax Credit was passed through to you by a partnership, LLC, S corporation, estate, or trust, also provide that entity name and FEIN.

If the retailer is a partnership, LLC, S corporation, estate, or trust, this form must be completed and included with the Iowa tax return. The tax credit must be allocated to the individual

members in the ratio of each member's share of the earnings of the entity to the entity's total earnings. On Schedule K-1 or on an attachment to Schedule K-1, report the tax credit for each member and instruct the members to report the apportioned tax credit on line 2 of Part III on the IA 137 and include the form with their tax returns.

The Ethanol Promotion Tax Credit can be claimed even if the taxpayer also claims the E85 Gasoline Promotion Tax Credit (Form IA 135) or the E15 Plus Gasoline Promotion Tax Credit (Form IA 138) for the same ethanol gallons sold.

Any tax credit in excess of tax liability can be refunded or credited to tax liability for the following year.

### Part I - Determination of Biofuel Distribution Percentage

#### Calendar year filers:

If the taxpayer files a tax return on a calendar year basis, then only 2017 gallons need to be reported.

#### Fiscal year filers:

If a taxpayer files a tax return for a fiscal year that extends into 2018, the calculation must be performed separately for all gallons sold during 2017 and for all gallons sold from January 1, 2018, through the end of the taxpayer's fiscal year.

### Line 5: Total ethanol sold

Total ethanol is the total number of pure ethanol gallons sold at retail. This is computed on lines 1-4 by multiplying the ethanol blended gallons sold (column A/D) by the appropriate ethanol content percentage (column B/E). For example, 10,000 gallons of ethanol blended gasoline formulated with 10% by volume of ethanol results in 1,000 gallons of pure ethanol.

The ethanol percentage used for E85 is 79%, which is an average of the amount of ethanol contained in E85 during warm and cold weather. If a blend other than E10, E15, or E85 is sold, designate the ethanol gallons sold in line 4, column A/D, the ethanol content percentage in line 4, column B/E, and compute

the pure ethanol in column C/F. If more than one additional blend is sold, provide total other blends sold in line 4, column A/D and the average ethanol content percentage in line 4, column B/E.

**Line 7: Total gasoline gallons sold**

Total gasoline gallons computed in line 7, column A/D, is the total number of gallons of gasoline sold. This does not include any biodiesel or diesel gallons sold.

**Line 8: Biodiesel gallons sold**

Pure biodiesel sold is computed on lines 8a-8e by multiplying the biodiesel blended fuel gallons sold (column A/D) by the appropriate biodiesel content percentage (column B/E). For example, 10,000 gallons of biodiesel blended fuel formulated with 11% by volume of biodiesel results in 1,100 gallons of pure biodiesel.

If sales of biodiesel blended fuel are made for a blend other than those listed, designate the biodiesel gallons sold in line 8e, column A/D, and the biodiesel content percentage in line 8e, column B/E. If more than one additional blend is sold, provide total gallons of other blends in line 8e, column A/D, and the average biodiesel content percentage in line 8e, column B/E.

**Line 10: Biofuel distribution percentage**

Divide line 9, column C by line 7, column A for calendar year 2017 sales. Divide line 9, column F by line 7, column D for calendar year 2018 sales. Record the result rounding to four decimal places (1/100th of 1%), for example, 19.05%.

**Line 11: Biofuel threshold percentage**

The tax credit rate applied under the Ethanol Promotion Tax Credit depends on whether the taxpayer attains the biofuel threshold percentage, which is dependent on the number of total gasoline gallons sold at all retail motor fuel sites operated by the taxpayer during the calendar year even if the Site-by-Site method is chosen. Taxpayers with total gasoline sales exceeding 200,000 gallons in a year face a higher biofuel percentage threshold than taxpayers with total gasoline sales of

200,000 gallons or less.

- The biofuel threshold percentage is 17% for taxpayers who sell 200,000 gallons or less during the 2017 calendar year.
- The biofuel threshold percentage is 19% for taxpayers who sell 200,000 gallons or less during the 2018 calendar year.
- The biofuel threshold percentage is 21% for taxpayers who sell more than 200,000 gallons during the 2017 calendar year.
- The biofuel threshold percentage is 23% for taxpayers who sell more than 200,000 gallons during the 2018 calendar year.

For fiscal year filers, it is necessary to determine the applicable biofuel threshold percentage by annualizing sales for each calendar year in which the fiscal year falls.

Example: A taxpayer with a fiscal year beginning May 1, 2017, and ending April 30, 2018, with sales of 100,000 gallons at all retail locations between May 1, 2017, and December 31, 2017, would have annualized 2017 sales of 150,000 gallons that would result in a 2017 biofuel threshold percentage of 17% (100,000 gallons / 8 months X 12 months = 150,000 annualized gallons). If the same taxpayer had sales of 70,000 gallons between January 1, 2018, and April 30, 2018, the 2018 annualized sales would be 210,000 gallons and the 2018 biofuel threshold percentage would be 23% (70,000 gallons / 4 months X 12 months = 210,000 annualized gallons).

**Line 12: Biofuel threshold percentage disparity**

To determine the applicable Ethanol Promotion Tax Credit rate, the taxpayer subtracts the calculated biofuel distribution percentage on line 10, column A/D from the proper biofuel threshold percentage on line 11, column A/D. The taxpayer calculates a separate biofuel threshold percentage disparity for each calendar year for which sales are reported. Enter zero if line 10 exceeds line 11. If line 11 exceeds line 10 by more than 4.01% for the calendar year, the taxpayer is not eligible to claim the tax credit on any ethanol sales for that calendar year under

the Company-Wide method, or for that retail site under the Site-by-Site method.

## **Part II - Determination of Credit**

### Site-by-Site:

Provide the name and address of the retail motor fuel site including street, city, and ZIP Code.

The Ethanol Promotion Tax Credit for each retail motor fuel site is calculated by multiplying the retail dealer's total ethanol sold at that site by the tax credit rate, which is dependent upon the retail site's biofuel threshold percentage disparity calculated under Part I. On line 1, report ethanol sales for the retail motor fuel site calculated on line 5, column C/F of Part I. For fiscal year filers, split sales between calendar years.

Enter the applicable tax credit rate for the retail site in line 2 as noted under line 2.

Compute the tax credit for the retail motor fuel site on line 3 by multiplying the tax credit rate entered on line 2 by total ethanol sold in line 1 for each calendar year in which ethanol sales are reported.

### Company-Wide:

The tax credit is calculated by multiplying the taxpayer's total ethanol sold by the tax credit rate, which is dependent upon the taxpayer's biofuel threshold percentage disparity calculated under Part I on a Company-Wide basis. On line 1 report ethanol sales for the company calculated on line 5, column C/F of Part I. For fiscal year filers, split sales between calendar years.

Enter the applicable tax credit rate on line 2, as noted under line 2.

Compute the tax credit for the company on line 3 by multiplying the tax credit rate entered on line 2 by total ethanol sold in line 1 for each calendar year in which ethanol sales are reported.

## **Part III - Final Credit Calculation**

### Site-by-Site:

Complete Part III of the IA 137 only once. Add the tax credit calculated for all retail fuel sites on line 4 of all Part II's and place on Part III line 1 of the IA 137. Individuals and C corporations, enter in column K of Part II on the IA 148 Tax Credits Schedule; use tax credit code 64 in column I and leave column J blank.

### Company-Wide:

Place the tax credit calculated on line 4 of Part II on Part III line 1 of the IA 137. Individuals and C corporations, enter in column K of Part II on the IA 148 Tax Credits Schedule; use tax credit code 64 in column I and leave column J blank.

### Pass-Through Tax Credits:

If the taxpayer has received any pass-through Ethanol Promotion Tax Credit from a partnership, LLC, S corporation, estate, or trust, indicate that amount in line 2 of Part III on the IA 137. Also enter the amount in column K of Part II on the IA 148 Tax Credits Schedule; use tax credit code 64 in column I and leave column J blank. Provide the pass-through entity name in column M and FEIN in column N of Part IV on the IA 148 Tax Credits Schedule. File a separate IA 137 for each pass-through Ethanol Promotion Tax Credit received. List the claims separately on Part II of the IA 148 Tax Credits Schedule, providing each pass-through entity name and FEIN in Part IV.

Include this form and the IA 148 with your IA 1040, IA 1041, or IA 1120.