



**This is not a motor fuel tax credit or refund form.
It is an income tax form for taxpayers with a fiscal year ending after December 31, 2008.
Attach a copy to your Iowa individual or corporation income tax return.**

Name(s) of Individual(s), Corporation, Partnership, LLC, Estate or Trust

Taxpayer Identification Number

Tax Period Ending

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

1. Total amount of E10 gasoline gallons sold at all Iowa retail motor fuel sites from January 1, 2009, until the end of the fiscal year 1) _____
2. Multiply line 1 by 10% (.10) 2) _____
3. Total amount of E85 gasoline gallons sold at all Iowa retail motor fuel sites from January 1, 2009, until the end of the fiscal year 3) _____
4. Multiply line 3 by 79% (.79) 4) _____
5. Total amount of non-ethanol blended gasoline gallons sold at all Iowa retail motor fuel sites from January 1, 2009, until the end of the fiscal year 5) _____
6. Total gasoline gallons sold at all Iowa retail motor fuel sites from January 1, 2009, until the end of the fiscal year (add lines 1, 3 and 5) 6) _____
7. Total gallons of biodiesel blended fuel sold at all Iowa retail motor fuel sites from January 1, 2009, until the end of the fiscal year (if zero, enter zero on line 7f)
 - a. B2 gallons _____ X 2% = 7a) _____
 - b. B5 gallons _____ X 5% = 7b) _____
 - c. B10 gallons _____ X 10% = 7c) _____
 - d. B20 gallons _____ X 20% = 7d) _____
 - e. Other Biodiesel gallons
B _____ gallons _____ X ____% = 7e) _____
 - f. Add lines 7a through 7e 7f) _____
8. Add lines 2, 4 and 7f 8) _____
9. Biofuel threshold percentage (**see instructions for annualization information**)
If line 6 is 200,000 or less, enter 6%
If line 6 is more than 200,000, enter 10% 9) _____ %
10. Divide line 8 by line 6 (enter percent to 2 decimal places)
This is the biofuel distribution percentage 10) _____ %
11. Subtract line 10 from line 9. If less than 0% enter 0.
This is the biofuel threshold percentage disparity 11) _____ %
If line 11 is 4.01% or more, STOP. You are not eligible for the credit.

INSTRUCTIONS:

This 2008 form should only be completed for taxpayers that have a fiscal year ending before December 31, 2009.

Beginning January 1, 2009, an ethanol promotion tax credit is available to taxpayers who:

- are retail dealers of ethanol blended gasoline and
- who operate motor fuel pumps at an Iowa retail motor fuel site.

Tank wagons are considered retail motor fuel sites.

Part I of this form is the calculation of the taxpayer's biofuel distribution percentage, which is computed for all gallons sold from January 1, 2009, through the end of the taxpayer's fiscal year at all motor fuel sites. This percentage is calculated by adding the total ethanol gallonage and the total biodiesel fuel gallonage, and dividing this sum by the total gasoline gallonage.

The total ethanol gallonage is the total number of gallons of ethanol sold. For example, 10,000 gallons of ethanol blended gasoline formulated with 10% by volume of ethanol results in an ethanol gallonage of 1,000. The percentage used for E85 is 79%, which is an average of the amount of ethanol contained in E85 gasoline during warm and cold weather.

The total biodiesel gallonage is the total number of gallons of biodiesel sold. For example, 10,000 gallons of biodiesel blended fuel formulated with 2% by volume of biodiesel results in a biodiesel gallonage of 200.

The total gasoline gallonage is the total number of gallons of gasoline sold.

The amount of the ethanol promotion tax credit depends on whether the taxpayer attains a biofuel threshold percentage, which in turn is dependent on the number of gallons of motor fuel sold during the period from January 1, 2009, through the end of the taxpayer's fiscal year.

The number of gallons sold during the period from January 1, 2009, through the end of the taxpayer's fiscal year will be annualized to determine whether 200,000 gallons of motor fuel are sold during the 2009 calendar year for purposes of the biofuel threshold percentage.

- The biofuel threshold percentage is 6% for taxpayers who sell 200,000 gallons or less during the 2009 calendar year, and
- The biofuel threshold percentage is 10% for taxpayers who sell more than 200,000 gallons during the 2009 calendar year.

For example, if 70,000 gallons were sold by a taxpayer between January 1, 2009, and a fiscal year end of April 30, 2009, the annualized amount is 210,000 gallons. This would result in a biofuel threshold percentage for this taxpayer of 10%.

The biofuel distribution percentage is compared to the biofuel threshold percentage to determine the biofuel threshold percentage disparity, which is also computed on Part I of this form.

Part II of this form computes the credit, which must be calculated separately for each Iowa retail motor fuel site operated by the taxpayer.

The ethanol blended credit is calculated by multiplying the retail dealer's total ethanol gallonage at each site by the tax credit rate, which is dependent upon the retail dealer's biofuel threshold percentage disparity.

The tax credit rate is shown below:

Biofuel Threshold Percentage Disparity	Tax Credit Rate
0%	6.5 cents
0.01% to 2.00%	4.5 cents
2.01% to 4.00%	2.5 cents
4.01% or more	0 cents

This credit can be claimed even if the taxpayer also claims an E85 gasoline promotion credit for the same ethanol gallons.

Taxpayers whose fiscal year ends before December 31, 2009, will compute the tax credit on the total ethanol gallonage sold during the period from January 1, 2009, through the end of the taxpayer's fiscal year.

Instead of claiming the credit on the 2008 return for a fiscal year ending before December 31, 2009, the taxpayer can claim the ethanol promotion tax credit on the tax return for the following fiscal year, including the ethanol gallonage for the period from January 1, 2009, through the end of the taxpayer's 2009 fiscal year.

Likewise, if the taxpayer filed the Iowa return for the fiscal year which ended before December 31, 2009, and did not claim the ethanol promotion tax credit, it is not necessary to amend that 2008 return. The ethanol promotion credit can be claimed on the next tax return (2009) which can include the ethanol gallonage sold for the previous year.

For example, a taxpayer who is a retail dealer of gasoline has a fiscal year ending April 30, 2009, and operates one motor fuel site in Iowa. The taxpayer expects to sell more than 200,000 gallons of gasoline during the 2009 calendar year. The ethanol gallonage is 50,000 gallons for the period from January 1, 2009, through April 30, 2009. The biofuel distribution percentage is 7.7% for the period from January 1, 2009, through April 30, 2009, which results in a biofuel threshold percentage disparity of 2.3% (10.0 minus 7.7). The taxpayer is entitled to

claim an ethanol promotion tax credit of \$1,250 (50,000 gallons multiplied by 2.5 cents) on the taxpayer's Iowa income tax return for the period ending April 30, 2009.

In this example, rather than claiming the credit on the return for the period ending April 30, 2009, the taxpayer can claim the ethanol promotion tax credit on the tax return for the period ending April 30, 2010, including the ethanol gallonage for the period from January 1, 2009, through April 30, 2010. In this case, the taxpayer will compute the biofuel distribution percentage for the period from January 1, 2009, through December 31, 2009, to determine the proper tax credit rate to be applied to the ethanol gallonage for the period from January 1, 2009, through December 31, 2009.

Any tax credit in excess of the tax liability can be refunded. Instead of claiming a refund, the taxpayer may elect to have the overpayment credited to the tax liability for the following year. In addition, if the taxpayer is a partnership, limited liability company, S corporation, estate or trust, the credit must be allocated to the individual owners in the ratio of each owner's share of the earnings of the entity to the entity's total earnings.

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