



This is not a motor fuel tax credit or refund form. It is an income tax form. Attach a copy to your Iowa individual or corporation income tax return.

Name(s) SSN or FEIN Tax Period Ending
Pass-through entity (if applicable). Attach a list if multiple pass-through entities. Pass-through FEIN

PART I - Determination of Biofuel Distribution Percentage and Biofuel Threshold Percentage Disparity

Indicate determination method:

Company-wide [ ] Site-by-site [ ]

Table with columns for 2011 GALLONS (Beginning of tax year through 12-31-11) and 2012 GALLONS (01-01-12 through end of tax year). Rows include E10, E15, E85, Ethanol, Total ethanol, Non-ethanol gasoline, Total gasoline, Biodiesel (B2, B5, B10, B20, Other), Total biodiesel, Total biofuel, Biofuel distribution percentage, Biofuel threshold percentage, and Biofuel threshold percentage disparity.

Fiscal year filers see instructions to annualize line 7. If line 7 for 2011 for all sites is 200,000 gallons or less, enter 10%.

If line 7 for 2012 for all sites is 200,000 gallons or less, enter 11%.

If line 7 for 2011 for all sites is more than 200,000 gallons, enter 12%.

If line 7 for 2012 for all sites is more than 200,000 gallons, enter 13%.

If line 12 is 4.01% or more, you are not eligible for the credit.

**PART II – Determination of Credit**

Provide Name and Address of Iowa Retail Motor Fuel Site (for Site-by-site method)

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Credit Calculation for both Company-wide and Site-by-site methods	2011 GALLONS Beginning of tax year through 12-31-11 A	2012 GALLONS 01-01-12 through end of tax year B
1. Total ethanol sold. Enter line 5 of Part I.....	1. _____	1. _____
2. Credit rate.....	2. _____	2. _____
	If line 12 of Part I = 0, enter .08 (eight cents).	If line 12 of Part I = 0, enter .08 (eight cents).
	If line 12 of Part I = 0.01% to 2.00%, enter .06 (six cents)	If line 12 of Part I = 0.01% to 2.00%, enter .06 (six cents)
	If line 12 of Part I = 2.01% to 4.00%, enter .025 (two and one-half cents)	If line 12 of Part I = 2.01% to 4.00%, enter .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 Credit:  
 Line 4 of Part II for Company-wide  
 Add all line 4's from all Part II's for Site-by-site  
 Enter on Part II of the IA 148 Tax Credits Schedule..... 1. \_\_\_\_\_
2. Pass-through credit from partnership, LLC, S corporation, estate, or trust.  
 Enter on Part II of the IA 148 Tax Credits Schedule and provide pass-through information on  
 Part IV of the IA 148 Tax Credits Schedule..... 2. \_\_\_\_\_

## 201%IA 137 Instructions

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.

For tax years beginning on or after January 1, 2011, 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 motor fuel site in Iowa eligible for the 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 credit. The retail dealer has two sites in Iowa, and each site sells 125,000 gallons of gasoline during 2011. The retail dealer must enter 12% as the biofuel threshold percentage on line 11 of each Part I since the total gallons sold during 2011 at all retail sites in Iowa exceeds 200,000 gallons.

Provide the name and SSN or FEIN of the taxpayer claiming the credit. Report the ending date of the tax year in which the credit is being claimed. If the Ethanol Promotion Tax Credit is being passed through to the taxpayer by a S Corporation, partnership, LLC, estate, or trust, also provide that entity name and FEIN.

### **Part I: Determination of biofuel distribution percentage and biofuel threshold percentage disparity**

#### **Calendar-year filers**

If the taxpayer files a tax return on a calendar year basis, then only 2011 gallons need to be reported.

#### **Fiscal-year filers**

If a taxpayer files a tax return for a fiscal year that extends into 2012, the calculation must be performed separately for all gallons sold during 2011 and for all gallons sold from January 1, 2012, through the end of the taxpayer's fiscal year.

#### **Biofuel distribution percentage**

The biofuel distribution percentage is calculated by adding the total ethanol gallonage and the total biodiesel gallonage, line 9, and dividing this sum by the total gasoline gallonage, line 7.

#### **Total ethanol gallonage**

The total ethanol gallonage is the total number of pure ethanol gallons sold. This is computed on lines 1-4 by multiplying the ethanol blended gallons sold (column A/ column D) by the appropriate ethanol content percentage (column B/column E). 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 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 or column D, the ethanol content percentage in line 4, column B or column E, and compute the ethanol gallonage in column C or column F. If more than one additional blend is sold, provide that information on a separate page and include in the total gasoline gallons sold on line 7, column A or column D, and the total ethanol gallons sold on line 5, column C or column F.

#### **Total biodiesel gallonage**

The total biodiesel gallonage is the total number of pure biodiesel gallons sold. This is computed on lines 8a-8e by multiplying the biodiesel blended fuel gallons sold (column A/column D) by the appropriate biodiesel content percentage (column B/ column E). For example, 10,000 gallons of biodiesel blended fuel formulated with 2% by volume of biodiesel results in a biodiesel gallonage of 200.

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 or column D, and the biodiesel content percentage in line 8e, column B or column E. If more than one additional blend is sold, provide that information on a separate page and include in the total biodiesel sold on line 8, column C or column F.

#### **Total gasoline gallonage**

The total gasoline gallonage computed in line 7, column A or column D, is the total number of gallons of gasoline sold; this does not include any biodiesel or diesel gallons sold.

#### **Biofuel distribution percentage**

Divide line 9, column C by line 7, column A for calendar year 2011 sales. Divide line 9, column F by line 7, column D for calendar year 2012 sales. Record the result to two decimal places, for example, 12.05%.

#### **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 in turn 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 10% for taxpayers who sell 200,000 gallons or less during the 2011 calendar year.
- The biofuel threshold percentage is 11% for taxpayers who sell 200,000 gallons or less during the 2012 calendar year.
- The biofuel threshold percentage is 12% for taxpayers who sell more than 200,000 gallons during the 2011 calendar year.
- The biofuel threshold percentage is 13% for taxpayers who sell more than 200,000 gallons during the 2012 calendar year.

**For fiscal year filers, it is necessary to determine a biofuel threshold percentage for each calendar year in which the fiscal year falls.** In order to do this, the number of gasoline gallons sold during 2011 and 2012 must be annualized to determine whether 200,000 gallons of motor fuel are sold during the 2011 and 2012 calendar years for purposes of the biofuel percentage.

EXAMPLE: A taxpayer with a fiscal year beginning May 1, 2011, and ending April 30, 2012, with sales of 100,000 gallons at all retail locations between May 1, 2011, and December 31, 2011, would have annualized 2011 sales of 150,000 gallons that would result in a 2011 biofuel threshold percentage of 10% (100,000 gallons / 8 months \*12 months = 150,000 annualized gallons). If the same taxpayer had sales of 70,000 gallons between January 1, 2012, and April 30, 2012, the 2012 annualized sales would be 210,000 gallons and the 2012 biofuel threshold percentage would be 13% (70,000 gallons / 4 months \*12 months = 210,000 annualized gallons).

**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 or column D from the proper biofuel threshold percentage on line 11, column A or column D. The taxpayer calculates a separate biofuel threshold percentage disparity for each calendar year for which sales are reported on the form. If line 10 exceeds line 11, enter zero. If line 11 exceeds line 10 by more than 4.01% for the calendar year, the taxpayer is not eligible to claim the 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 the 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 gallonage 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 a Site-by-site basis. On line 1, report ethanol sales for the retail motor fuel site calculated on line 5 of Part I. For fiscal-year filers, split sales between calendar years.

Enter the appropriate credit rate for the retail site in line 2, shown in the table below.

Compute the credit for the retail motor fuel site on line 3 by multiplying the tax credit rate entered on line 2 by total ethanol gallonage in line 1 for each calendar year in

which ethanol sales are reported.

Company-wide:

The credit is calculated by multiplying the taxpayer’s total ethanol gallonage 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 of Part I. For fiscal-year filers, split sales between calendar years.

Enter the credit rate for the company on line 2, shown in the table below.

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

**Ethanol Promotion Tax Credit Rate Table**

Biofuel Threshold Percentage Disparity	Tax Credit Rate	Tax Credit Rate
	2011 Gallons	2012 Gallons
0	8 cents	8 cents
0.01% to 2.00%	6 cents	6 cents
2.01% to 4.00%	2.5 cents	4 cents
4.01% or more	0 cents	0 cents

**Part III: Final calculation of credit**

Site-by-site:

Complete Part III of the IA 137 only once. Add the credit calculated for all retail motor fuel sites on line 4 of all Part II’s and place on Part III line 1 of the IA 137. Enter in Part II of the IA 148 Tax Credits Schedule.

Company-wide:

Place the credit calculated on line 4 of Part II on Part III line 1 of the IA 137. Enter in Part II of the IA 148 Tax Credits Schedule.

If the taxpayer has received any pass-through Ethanol Promotion Tax Credit from a S corporation, partnership, LLC, estate, or trust, indicate that amount on Part III line 2 of the IA 137. If the taxpayer elects the Site-by-site method, only list a pass-through claim on one Part III. Also enter the amount on Part II of the IA 148 Tax Credits Schedule, providing the pass-through name and FEIN in Part IV of the IA 148 Tax Credits Schedule. If the taxpayer has received multiple pass-through Ethanol Gasoline Promotion Tax Credit claims, sum all claims and enter on Part III line 2 of the IA 137, but list the claims separately on Part II of the IA 148 Tax Credits Schedule, providing each pass-through name and FEIN in Part IV.

The Ethanol Promotion Tax Credit can be claimed even if the taxpayer also claims the E85 Gasoline Promotion Credit or the E15 Plus Gasoline Promotion Tax Credit for the same ethanol gallons.

Any tax credit in excess of the tax liability can be refunded.

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