



Forklift Fuel Credit

By William E. North, II, CPA, CCIFP

One of the most commonly missed tax credits for Construction and warehouse activities is the “Alternative Fuel Tax Credit” for taxpayers that use propane powered forklifts. The forklift use qualifies for a 50 cent per gallon credit for both “C” corporations and pass-thru entities. To be eligible for the credit, **a taxpayer must first register with the IRS**. This is accomplished on Form 637, “Application for Registration (For Certain Excise Tax Activities)”. This credit could be a significant benefit to any construction or warehousing operation. For Example, four forklifts that consume approximately 5 gallons per day for 250 days in a year, would typically consume approximately 5,000 gallons of propane. That equates to a \$2,500 tax credit per year.

Form 637 is completed only one time to obtain the initial registration number. Once registered, the company simply keeps track of the gallons of propane used and claims the credit on Form 4136 – “Credit for Federal Tax Paid on Fuels”. Please contact a professional at Hill, Barth & King LLC if you have any questions or would like assistance in preparing Form 637.

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