



2006 Biodiesel Blending and Storage Tank Credit

15-32-703, MCA

MONTANA
BBSC
Rev 12-06

Name (as it appears on your tax return) _____

Your Social Security Number or Federal Employer Identification Number _____

If this credit is passed-through to you from a partnership or S. corporation indicate the name of the partnership or S. corporation, FEIN, and your percentage of ownership in the partnership or S. corporation.

Name _____ FEIN _____ % of Ownership _____

Part I: Biodiesel Blending and Storage Tank Credit

In order to qualify for the biodiesel blending and storage tank credit you are required to answer "yes" to the following three questions. If you answer "no" to any one of the questions, you do not qualify for this credit.

- 1 I began blending biodiesel with petroleum diesel on or after the first day and before the last day of my current tax year? Yes No
- 2 This storage and blending equipment I purchased is used in Montana primarily to blend biodiesel? Yes No
- 3 The biodiesel I blend with petroleum diesel is made entirely from Montana produced ingredients? Yes No

4 List the storage and blending equipment that you purchased that qualifies you for this credit. Attach a copy of your invoice that identifies the date purchased, description of the equipment and the amount you paid for the equipment.

	Date Purchased	Description of Equipment	Cost
a			a
b			b
c			c
d			d
e			e

5 Add the total cost of the equipment listed on lines 4a through 4e above and enter the result here 5

6 If you are a distributor applying for this credit, multiply the amount on line 5 by .15 (15%) and enter the result here, but not more than \$52,500. **This is your Biodiesel Blending and Storage Tank Credit** 6

7 If you own a motor fuels outlet and are applying for this credit, multiply the amount on line 5 by .15 (15%) and enter the result here, but not more than \$7,500. **This is your Biodiesel Blending and Storage Tank Credit** 7

If you are an individual, enter the amount on line 6 or line 7 above on Form 2, Schedule V, line 12.
 If you are a C. corporation, enter the amount on line 6 or line 7 above on Form CLT-4, Schedule C, line 19.
 If you are an S. corporation, enter the amount on line 6 or line 7 above on Form CLT-4S, Schedule II, line 16.
 If you are a Partnership, enter the amount on line 6 or line 7 above on Form PR-1, Schedule II, line 16.

When you file your Montana income tax return electronically, you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

Form BBSC General Instructions

What is “biodiesel”?

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.

I have purchased equipment to begin blending biodiesel with petroleum diesel in a prior year but have just begun blending the fuel for sale in 2006. Am I eligible for the biodiesel blending and storage tank credit in 2006?

Yes you are. The credit is available only in the first tax year that you began blending biodiesel with petroleum diesel for the purpose of resale. If you purchased and installed the equipment in one year, but did not begin blending the biodiesel and the petroleum diesel in the same tax year, you can use the cost of the equipment and the installation cost from 2005 to calculate your 2006 Biodiesel Blending and Storage Tax Credit.

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

The cost used to calculate your biodiesel blending and storage tank credit is the amount of the investment that you have made in the qualifying equipment that is used to calculate your depreciation deduction for federal income tax purposes. This amount includes both the cost of purchasing and installing the equipment.

If I am claiming the biodiesel blending and storage tank 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.

What requirements do I have to meet in order to qualify for the biodiesel blending and storage tank 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 ingredients.
- You began blending biodiesel with petroleum diesel on or after the first day, and before the last day of your current tax year.

- Your storage and blending equipment purchased is used in Montana primarily to blend biodiesel.
- 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 year you claim the credit.
- You are an owner, contract purchaser, or lessee who has a beneficial interest in a business that blends biodiesel.

Am I able to carryover my biodiesel blending and storage tank credit if I cannot absorb the full amount in my first year I begin blending biodiesel with petroleum diesel?

No you are not. There is no carryover provision available for this credit.

Am I subject to recapturing my credit that I previously received if I cease operating my business?

Yes you are. If you cease operating your business within 5 years from the year you 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 operations or at the end of your third year if your sales were less than 2% of total diesel sales.

If my business is a partnership or an S. corporation, are my partners or shareholders entitled to the biodiesel blending and storage tank credit?

As a partnership or an S. corporation, your partners or shareholders are entitled to apply this credit against their income tax or corporate license tax liability. The amount of each partner or shareholders credit is based on their distributive or pro-rata share of the partnership's or S. corporation's cost of investing in the specific equipment.

For example, if your business is an S. corporation with four shareholders with equal ownership interest, each shareholder would be entitled to 25% of the total credit.

When filing your Montana partnership return Form PR-1, or your Montana S. corporation return, Montana Form CLT-4S report your Biodiesel Blending and Storage Tank Credit on Schedule II, line 16. Include with your return a completed Form BBSC and a supplemental schedule identifying each partner or shareholder and their pro-rata share of the credit.