

American Taxpayer Relief Act of 2012



What does it mean for you?

WIPFLI^{LLP}
CPAs and Consultants

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Outline

- Introductions
- Setting the stage
- Available Credits
 - Alternative Fuel Vehicle Refueling Property Credit
 - Alternative Fuel Excise Tax Credit
 - Alternative Fuel Mixture Excise Tax Credit
 - Alternative Fuel Excise Tax Exemption



Introductions

Who is Wipfli LLP?

- Mid-sized, regional firm
- Traditionally ranked among top 25 in Accounting Today's Top 100 largest public accounting firms
- A firm with approximately 1,100 associates
- 22 offices in the United States, 2 offices in India
- International affiliation through PKF North America

Services include traditional tax and accounting services as well as industry-focused assurance and consulting services



Where we were... The “Cliff”!

2012 Issues

- Numerous credits had expired at the end of 2011
- No AMT patch
- Accelerated depreciation available, but less than 2010 & 2011

2013 Issues

- Higher tax rates
- No AMT patch
- Payroll tax holiday ending
- More restrictive depreciation rules



The American Taxpayer Relief Act of 2012

Individuals

- Marginal tax rates from 2012 made permanent for certain taxpayers
- AMT patch made permanent, indexed for inflation
- Investment tax rates kept at 15%
- Estate and gift exemptions made permanent, indexed for inflation
- Enhanced Child Tax Credit, American Opportunity Tax Credit and enhanced Earned Income Tax Credit extended

Businesses

- Bonus depreciation extended through 2013
- Sec. 179 depreciation expense limit increased
- Energy credit extenders



Alternative Fuel Vehicle Refueling Property Credit (§ 30C)

- General Business Credit
- What qualifies?
 1. It must *not* be a building or structural component,
 2. It must be depreciable property (personal residence exception)
 3. Original use must begin with taxpayer
 4. It must be for
 - a) the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle, or
 - b) for the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged.
 5. It must *not* be used predominantly outside the United States
 6. It must be placed in service by December 31, 2013 (or 2014)



Alternative Fuel Vehicle Refueling Property Credit (§ 30C)

- What is “alternative fuel”
 - 85% of volume is ethanol, natural gas, CNG, LNG, LPG or Hydrogen, or
 - Any mixture –
 - which consists of two or more of the following: biodiesel, diesel or kerosene, and
 - At least 20% of the volume is biodiesel without regard to kerosene in the mixture
 - Electricity
- Credit is 30% of the cost of the qualified property
- Credit reduces the depreciable basis
- Limitations
 - \$30,000 for depreciable property
 - \$1,000 for non-depreciable property
 - Not allowed for the portion of cost expensed under § 179



Alternative Fuel Vehicle Refueling Property Credit (§ 30C)

- Special Rules
 - Can elect not to take it
 - Subject to recapture



Alternative Fuel Excise Tax Credit

- Tax incentive for alternative fuel sold for use to operate motor vehicles
- \$0.50/gallon credit
- Available for:
 - CNG
 - LNG
 - LPG
 - P-series fuel
 - Liquid fuel derived from coal
 - Liquefied or compressed fuel from biomass
- Eligible entities must be liable for reporting and paying excise taxes on the sale or use of the fuel in a motor vehicle
- First taken as a reduction against the alternative fuel tax liability, then refundable
- Fuel sold or used by December 31, 2013



Alternative Fuel Mixture Excise Tax Credit

- Tax incentive for alternative fuel blenders registered with IRS
- \$0.50/gallon of fuel used to produce a mixture containing at least 0.1% gasoline, diesel or kerosene
- Qualified fuels are the same as for the Alternative Fuel Excise Tax Credit
- Not allowed if an incentive for the same alternative fuel is also being claimed under the rules for the ethanol or biodiesel tax credits.
- Fuel sold or used by December 31, 2013
- Not refundable due to erroneous claims in the past!



Alternative Fuel Excise Tax Credits

How do you claim them?

- First as a “claim” on Form 720 – Quarterly Federal Excise Tax Return
 - Computation on Schedule C
- Any amount in excess of excise tax liability can be taken as a claim on 720 from Schedule C or on Form 4136 filed with annual income tax return



Alternative Fuel Excise Tax Exemption

- Exempt activities include:
 - Farming
 - Off-highway business use
 - Forklifts, bulldozers and earthmovers
 - Generators
 - Power saws
 - Cleaning equipment
 - Certain intercity and local buses
 - School buses
 - Exclusive use by nonprofit educational organization



Contact Information/Resources

Internal Revenue Service

Excise Tax Branch

(202) 622-3130

www.irs.gov

US Department of Energy

Alternative Fuels Data Center

<http://www.afdc.energy.gov/>

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