



TaxNewsFlash

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Notice 2022-39: Guidance regarding one-time claim for alternative fuels excise tax credits

The IRS today released an advance version of [Notice 2022-39](#) [PDF 150 KB] providing rules that claimants must follow to make a one-time claim for the credit and payment allowable under sections 6426(d) and 6427(e) for alternative fuels sold or used during the first, second, and third calendar quarters of 2022.

Notice 2022-39 also provides instructions for how a taxpayer's liability for the excise tax imposed by section 4081 may be reduced by claiming the alternative fuel mixture credit allowable under section 6426(e) for the first and second calendar quarters of 2022.

Background

Section 6426(d) allows a person that sells or uses alternative fuel as a fuel in a motor vehicle or motorboat or in aviation to claim a \$0.50 per gallon credit against the person's excise tax liability under section 4041 (relating to the tax imposed on diesel fuel and alternative fuel). Any excess credit under section 6426(d) may be claimed as a payment under section 6427(e) or as a refundable income tax credit under section 34.

Section 6426(e) allows a blender of an alternative fuel mixture to claim a \$0.50 per gallon credit against its excise tax liability under section 4081 (relating to the tax imposed on taxable fuel). A person's section 6426(e) alternative fuel mixture credit claim for any calendar quarter may not exceed the person's excise tax liability under section 4081 (without regard to the credit) incurred in the calendar quarter for which the credit is being claimed.

No credits under section 6426(d) or (e) and no payment under section 6427(e) for any excess credit under section 6426(d) are authorized unless the person claiming the credit or receiving the payment is registered under section 4101.

Sections 6426(d) and (e) and 6427(e) expired for sales and uses after December 31, 2021. However, the "Inflation Reduction Act" (Pub. L. No. 117-169) reinstates these credits and payment for sales and uses through December 31, 2024, and directs the Secretary of the Treasury to issue guidance for a one-time submission of claims under sections 6426(d) and 6427(e) for the period beginning January 1, 2022, and ending September 30, 2022.

KPMG observation

As with previous notices providing instructions for making one-time claims with respect to expired and retroactively reinstated alternative fuel incentives, taxpayers must carefully follow all procedures established by the IRS for such incentives to be allowed.

For more information, contact a tax professional with KPMG's Excise Tax Practice group:

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