

IRM PROCEDURAL UPDATE

DATE: 09/24/2025

NUMBER: sbse-04-0925-3612

SUBJECT: Reissued IPU 23U0448 and 25U0396 for IRM 4.24.22

AFFECTED IRM(s)/SUBSECTION(s): 4.24.22

CHANGE(s):

Reissuing IPU 25U0396 dated 03-19-2025 for IRM 4.24.22. These procedures will be incorporated into a published copy of the IRM by 01-16-2026.

Reissuing IPU 23U0448 dated 03-22-2023 for IRM 4.24.22. These procedures will be incorporated into a published IRM by 09-23-2025.

IRM 4.24.22.4.1.7 - Added new content for processing nominal claims on Form 720-X.

(1) Form 720-X, line 1 is used to report adjustments to tax liability reported for previous quarters.

(2) Form 720-X, line 2, must be used for any adjustments to IRC 4051(d), tire credit. A tax credit may be taken equal to the amount of tax that has been imposed on each tire that is sold on, or in connection with, the first retail sale of a taxable vehicle reported on IRS No. 33. Form 720-X, must show an adjustment to IRS No. 33 on line 1 to allow the credit. Adjust the credit using CRN 366.

(3) A claimant must be registered to file a claim for an alternative fuel credit and/or an alternative fuel mixture credit. If the claimant is not registered, they must apply for registration on Form 637, Application for Registration. Form 720-X, line 2, must be used to report any adjustment to IRC 6426, fuel credits. The claimant must have first used Form 720, Schedule C, to reduce their IRC 4041 or IRC 4081 fuel liability. (See Form 720 X instructions, line 2.) The claimant must use a separate line for each adjustment. See the table below for applicable types of credit, CRNs and credit rates.

Credit	CRN	Credit Rate
Biodiesel (other than agri-biodiesel) mixtures	388	\$1.00
Agri-biodiesel mixtures	390	\$1.00
Renewable diesel mixtures	307	\$1.00

Credit	CRN	Credit Rate
Sustainable aviation fuel (effective January 1, 2023)	440	\$1.25 - \$1.75
Liquefied petroleum gas (LPG)	426	\$.50
"P Series" fuels	427	\$.50
Compressed natural gas (CNG)	428	\$.50
Liquefied hydrogen	429	\$.50
Note: Terminates for sales or uses after December 31, 2022.		
Any liquid fuel derived from coal (including peat) through the Fischer-Tropsch process	430	\$.50
Liquefied fuel derived from biomass	431	\$.50
Liquefied natural gas (LNG)	432	\$.50
Liquefied gas derived from biomass	436	\$.50
Compressed gas derived from biomass	437	\$.50

Note: Form 720-X, line 6, must be completed and provide a detailed explanation of each adjustment and the computation of the amount. The computation must include the number of gallons and credit rate per gallon. Any certificates or statements required for Schedule C lines, 12, 13, and 14 must also be attached. See Form 720-X for additional information

Note: The IRC 6426 alternative fuel mixture and IRC 6426 alternative fuel credits (and IRS 6427 payments) have expired as of 12/31/2021. The credits previously expired on 12/31/17. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 (Public Law 116-94), enacted on December 20, 2019, retroactively extended the alternative fuel and alternative fuel mixture credits for sales and uses beginning January 1, 2018 through December 31, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Public Law 116-260), enacted December 27, 2020, extended the credits to 12/31/2021.

(4) The IRC 6415 conditions for claim allowance on Form 720-X apply to IRS Nos. 22, 26, 27, and 28. The claimant must have repaid the amount of the tax to the person from whom it was collected or have the consent of that person for the allowance of the adjustment.

(5) The IRC 6416(a) conditions for claim allowance on Form 720-X apply to all other IRS Nos. except 18, 19, 20, 21, 29, 30, 31, 51, 64, 98, 117, 125 and 133; or if tax is based on use of IRS Nos. 71, 79, and 112, 118, 120-124. The claimant must not have included the tax in the price of the article and has not collected the tax from the purchaser or has the written consent of the ultimate purchaser for the allowance of the adjustment.

(6) For each adjustment reported on line one of Form 720-X, a statement must be attached, or line 6 can be used for providing:

- a. A detailed description of each adjustment, and
- b. A computation of the amount claimed

Note: The supporting evidence is not required to be submitted with the claim.

(7) If claimed amount of refund is \$1 or some other nominal amount, reject the claim using no consideration procedures as referenced in IRM 21.5.3.4.6.3 .

Exception: If claimed amount of refund is \$1 or some other nominal amount, and the claimant has stated they are filing a Protective Claim, process claim using protective claim procedures. See IRM 21.5.3.4.7.3.

(8) Input any adjustment on MFT 03 for the quarter in which the tax was originally reported, or should have been reported, using TC 291 for a tax decrease or TC 290 for a tax increase, using the appropriate IRS No. Credit interest is allowable on an overpayment of tax liability reported on a Form 720 filed for previous quarters.

(9) If the box on line 5b of Form 720-X is checked, the overpayment is shown on line 7 of Form 720. Line 6 of Form 720 should include the amount from line 7, if any, as an overpayment from a previous quarter.

(10) Input any adjustment on MFT 03 for the quarter in which the tax was originally reported, or should have been reported, using TC 291 for a tax decrease or TC 290 for a tax increase on MFT 03 and appropriate IRS No. See IRM 20.1.4.10, Form 720 Reporting Requirements, if a failure to deposit penalty may apply.

IRM 4.24.22.4.5 - Added new content for processing nominal claims on Form 8849.

(1) Form 8849 is used to claim refunds relating to excise taxes. The Form 8849 is not considered correspondence under Policy Statement P-21-3. See IRM 21.3.3.2, What is the Definition of Correspondence? - Policy Statement P-21-3 Exclusion List, for additional information.

(2) The following schedules are attached to Form 8849, Claim for Refund of Excise Taxes:

- a. Schedule 1 - Nontaxable Use of Fuels,
- b. Schedule 2 - Sales by Registered Ultimate Vendors,
- c. Schedule 3 - Certain Fuel Mixtures and the Alternative Fuel Credit,
- d. Schedule 5 - Section 4081(e) Claims,
- e. Schedule 6 - Other Claims, or
- f. Schedule 8 - Registered Credit Card Issuers

At least one schedule must be attached to Form 8849. Schedules 2, 3, 5, and 8 cannot be filed with any other schedules; therefore, each of these schedules requires a separate Form 8849.

(3) Since the Form 8849 includes all the information necessary for the IRS to determine if a claim is allowable, any person who attempts to make an informal claim without using this form must be sent the form for completion. Send an appropriate no consideration letter.

(4) If a completed Form 8849 is subsequently received, the form is considered filed as of the stamp date the original claim was received.

(5) In order to process, claimant must have a Taxpayer Identification Number (TIN), either an Employer Identification Number (EIN) or Social Security Number (SSN). Some fuel claims (schedules) require an EIN.

(6) Use CFOL command codes to research entity.

(7) If no TIN is on record or none was provided by claimant, reject claim with appropriate no consideration letter.

(8) If claimed amount of refund is \$1 or some other nominal amount, reject the claim using no consideration procedures as referenced in IRM 21.5.3.4.6.3.

Exception: If claimed amount of refund is \$1 or some other nominal amount, and the claimant has stated they are filing a Protective Claim, process claim using protective claim procedures. See IRM 21.5.3.4.7.3.

(9) For Schedules 1-3:

- a. Claims on Schedule 1 generally are filed for fuels used during any one or more of the quarters of the claimant's income tax year. Claims on Schedules 2 and 3 are filed for fuels sold during any period of at least a week. These quarterly, monthly or weekly claims must meet the dollar amount and time for filing requirements described for each schedule;
- b. If the dollar amount and/or the time for filing requirements are not met for quarterly, monthly or weekly claims, an annual claim must be filed for these amounts;
- c. Annual claims generally are made on Form 4136, Credit for Federal Tax Paid on Fuels, and attached to the income tax return for the year the fuel was used (or sold, as applicable). See IRM 21.7.4.4.9.1, Form 4136, Credit for Federal Tax Paid on Fuels;
- d. Annual claims by the United States, state and local governments, and organizations exempt from income tax under IRC 501(a) (provided that the organization is not required to file Form 990 -T, Exempt Organization Business Income Tax Return, for that taxable year) are made on Form 8849, Schedule 1, Nontaxable Use of Fuels. For these

claimants, the annual claim must be filed within 3 years of the close of the claimant's taxable year. The taxable year is based on the calendar year or fiscal year it regularly uses to keep its books. There is no minimum dollar amount on the annual claim;

- e. Ultimate Vendor claims may be received prior to a return posting (TC 150). If so, adjust claim using appropriate MFT 02, 05, 06, or 34 tax module for income tax return filed by taxpayer. Use tax year relative to tax period on claim (such as 201208 or 201212). If taxpayer is a fiscal year filer, the correct Fiscal Year Month (FYM) must be used. For Ultimate Purchaser claims, use MFT 40; or
- f. When processing fuel tax claims, the credit adjustment must be input on the tax year indicated on Form 8849. (Check CC ENMOD for fiscal year filer.)

Caution: When the taxpayer has specific filing requirements (Form 1120, U.S. Corporation Income Tax Return; Form 1120-C, U.S. Income Tax Return for Cooperative Associations; Form 990-T, Exempt Organization Business Income Tax Return; Form 1065, U.S. Return of Partnership Income; Form 1041, U.S. Income Tax Return for Estates and Trusts; or Form 1040, U.S. Individual Income Tax Return), and it is within two cycles of return's original due date, input the adjustment on the next tax year. For example, a claim for December 2012 would be input on tax year 2013 once it is two cycles from the March 15, 2013 return due date. This procedure avoids UPC 313 RC (9). This is not necessary for Ultimate Purchaser claims processed on MFT 40.

(10) If claim adjustment is input on MFT 02, follow IRM 21.4.6.4, Refund Offset Research.

Caution: If taxpayer has DMF/TOP debt for the current processing year (PY), refer to Document 6209, Section 5, Debtor Master File, for a list of Agency and Sub Agency (AG/SA) Codes.

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