



## Instructions

Section references are to the Internal Revenue Code.

### What's New

- Line 5 is used for section 4081(e) claims for a diesel-water fuel emulsion, effective after December 31, 2005.
- Line 6 is used for section 4081(e) claims for dyed diesel fuel, dyed kerosene, and other exempt removals, effective after September 30, 2005. See *Line 6* below for the fuels applicable on line 6.
- Claims relating to kerosene for use in aviation are completely revised, effective after September 30, 2005. Aviation-grade kerosene has been deleted from line 5. Lines 7 and 8 have been added for kerosene for use in aviation. For section 4081(e) claims related to aviation-grade kerosene before October 1, 2005, use the February 2005 revision of Schedule 5 (Form 8849).

### Purpose of Schedule

A person who has paid and reported a section 4081 tax to the government on taxable fuel uses Schedule 5 to claim a refund of that tax if a prior section 4081 tax on that fuel has also been paid and reported to the government.

### Section 4081(e) Claims

Section 4081(e) applies to the fuels listed in Part I.

If two taxes were paid on the fuel for which the claim is filed, then a claim for refund of the second tax may be made.

**Example.** Janet is a taxable fuel registrant that owns 10,000 gallons of gasoline that is being transported on a vessel in the United States. On June 1, 2006, Janet sells the gasoline to Hazel, a person that is not a taxable fuel registrant. Janet is liable for tax on this sale. Janet prepares a First Taxpayer's Report related to this sale and gives a copy of the report to Hazel.

On June 4, 2006, Hazel sells the same gallons of gasoline to Caroline, a taxable fuel registrant. Hazel also gives Caroline a copy of Janet's First Taxpayer's Report and a Statement of Subsequent Seller. On June 9, 2006, the gasoline is removed from a terminal at the rack. Caroline is the position holder of the gasoline at the time of the removal and thus is liable for tax on the removal. Caroline pays this tax to the government.

After Caroline has filed a return of this second tax, Caroline files Form 8849 and Schedule 5 for a refund for the second tax and includes a copy of the First Taxpayer's Report and Statement of Subsequent Seller. In Part I of Schedule 5, Caroline enters "1,840.00" in column **1(a)**. In Part II, Caroline enters "1" in column **(c)**; "06092006" in column **(d)**; "10,000.00" in column **(e)**; and "1,840.00" in column **(f)**.

### Claimant

The person who reported on Form 720 and paid the second tax to the government on the same fuel is the only person eligible to make this claim.

## Claim Requirement

Generally, the claim must be filed within 3 years from the time the return for the second tax was filed or 2 years from the time the second tax was paid to the government, whichever is later.

### Total Refund

Add all amounts in column **(a)** and enter the result in the total refund box at the top of the Schedule.

### Part I

For each type of fuel, enter the total of all amounts from column **(f)**, Part II.

**Line 6.** Section 4081(e) claims can be made on line 6 for the tax on the following fuels: dyed diesel fuel, dyed kerosene, and other exempt removals (gasoline blendstocks, kerosene used for a feedstock, and diesel fuel or kerosene used in Alaska). The person that has reported a section 4081 tax on Form 720 and paid that tax to the government, if a prior section 4081 tax on the fuel has also been paid and reported to the government, makes the claim.

**Line 7.** Section 4081(e) claims can be made for kerosene for use in aviation by a person that has reported a section 4081 tax on Form 720 (IRS No. 69) and paid that tax to the government if a prior section 4081 tax on the kerosene has also been paid and reported to the government.

**Line 8.** Section 4081(e) claims can be made for kerosene for use in commercial aviation (other than foreign trade) by a person that has reported a section 4081 tax on Form 720 (IRS No. 77) and paid that tax to the government if a prior section 4081 tax on the kerosene has also been paid and reported to the government.

### Part II

For each payment of a second tax, complete all the information required.

### Information to be Attached

**1.** A copy of the First Taxpayer's Report that relates to the fuel covered by each claim and

**2.** If the fuel covered by the claim was bought from someone other than the first taxpayer, a copy of the Statement of Subsequent Seller that the claimant received with respect to that fuel.

The First Taxpayer's Report and Statement of Subsequent Seller must contain all the information as shown in Model Certificates A and B in Appendix B of Pub. 510.

### How To File

Attach Schedule 5 to Form 8849. On the envelope write "Section 4081(e) Claim" and mail to the IRS at the address under *Where To File* in the Form 8849 instructions.