

Second Generation Biofuel Producer Tax Credit

Expired: 01/01/2022

A second generation biofuel producer that is registered with the Internal Revenue Service (IRS) may be eligible for a tax incentive in the amount of up to \$1.01 per gallon of second generation biofuel that is: sold and used by the purchaser in the purchaser's trade or business to produce a second generation biofuel mixture; sold and used by the purchaser as a fuel in a trade or business; sold at retail for use as a motor vehicle fuel; used by the producer in a trade or business to produce a second generation biofuel mixture; or used by the producer as a fuel in a trade or business. If the second generation biofuel also qualifies for alcohol fuel tax credits, the credit amount is reduced to \$0.46 per gallon for biofuel that is ethanol and \$0.41 per gallon if the biofuel is not ethanol. Second generation biofuel is defined as liquid fuel produced from any lignocellulosic or hemicellulosic matter that is available on a renewable basis or any cultivated algae, cyanobacteria, or lemna. To qualify, fuel must also meet the U.S. Environmental Protection Agency fuel and fuel additive registration requirements. Alcohol with a proof of less than 150, fuel with a water or sediment content of more than 4%, and fuel with an ash content of more than 1% are not considered second generation biofuels. The incentive is allowed as a credit against the producer's income tax liability. Under current law, only qualified fuel produced in the United States for use in the United States may be eligible. For more information about claiming the credit, see IRS Forms 637 and 6478, which are available on the [IRS Forms and Publications \(http://apps.irs.gov/app/picklist/list/formsPublications.html\)](http://apps.irs.gov/app/picklist/list/formsPublications.html) website. (Reference [Public Law \(https://www.congress.gov/public-laws/116th-congress\)](https://www.congress.gov/public-laws/116th-congress) 116-260, [Public Law \(https://www.congress.gov/public-laws/116th-congress\)](https://www.congress.gov/public-laws/116th-congress) 116-94, [Public Law \(https://www.congress.gov/public-laws/115th-congress\)](https://www.congress.gov/public-laws/115th-congress) 115-123, [Public Law \(https://www.congress.gov/public-laws/114th-congress\)](https://www.congress.gov/public-laws/114th-congress) 114-113, and 26 [U.S. Code \(https://www.govinfo.gov/app/collection/uscode\)](https://www.govinfo.gov/app/collection/uscode) 40)

Point of Contact

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<http://www.irs.gov/> (<http://www.irs.gov/>)

Jurisdiction: **Federal**

Type: **Incentives**

Agency: **U.S. Internal Revenue Service**

Enacted: **Jun 18, 2008**

Amended: **Dec 27, 2020**

Technologies: **Biodiesel, Ethanol**

See all [Federal Laws and Incentives \(/laws/fed_summary/\)](/laws/fed_summary/).

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