

Form BBSC Instructions

Important Note: *This credit has been repealed for Tax Year 2022. Tax Year 2021 is the last year this credit is available. This credit may be carried forward until Tax Year 2028. If you have amounts to carry forward use this form annually to report your amount of carryforward until it has been exhausted.*

Biodiesel is a fuel produced from monoalkyl esters of long-chain fatty acids derived from vegetable oils, renewable lipids, animal fats, or any combination of these ingredients. This fuel must meet the requirements of ASTM D6751, also known as the Standard Specification for Biodiesel Fuel (B-100) Blend Stock for Distillate Fuels, as adopted by the American Society for Testing and Materials.

What information do I have to include with my return when I claim this credit?

- **Individuals.** If you are filing a paper return, include a copy of Form BBSC with your individual income tax return.
- **C corporations.** If you are filing a paper return, include a copy of Form BBSC with your corporate income tax return.
- **S corporations and partnerships.** If you are filing a paper return, include Form BBSC with your Form PTE and include a separate statement identifying each owner's proportionate share on their Montana Schedule K-1.

You will need to complete a separate Form BBSC for each source you are receiving the credit from. For example, if you are a partner in one partnership that qualified for this credit, and you, as an individual, also qualify for this credit, you would need to complete two forms.

If you file electronically, you do not need to mail this form to us unless we contact you for a copy.

Am I required to recapture my credit that I previously received if I cease operating my business?

Yes, you are required to recapture your credit. If you cease selling biodiesel that was blended with petroleum diesel for 12 continuous months, within five years from the year that you initially claimed the credit, or within five years after a year in which the credit was carried forward, or if your blended biodiesel sales were less than 2 percent of your total diesel sales by the end of your third year following the initial year you claimed this credit, you are required to recapture your credit in the year you cease blending or at the end of your third year if your sales were less than 2 percent of total diesel sales.

Part I. Partners in a Partnership or Shareholders of an S Corporation

If you complete Part I, do not complete Parts II or III.

How do I claim my credit when I am a partner or shareholder in a partnership or S corporation?

If you received this credit from a partnership or S corporation, you will need to fill out Part I in its entirety. Your portion of the credit can be obtained from the Montana Schedule K-1 that you received from the entity. In addition to reporting your portion of the credit, you will need to provide the partnership's or S corporation's name and Federal Employer Identification Number.

If you are a partner or shareholder in more than one partnership or S corporation, you will need to complete a separate Form BBSC for each entity from whom you are receiving this credit.

Part II. Qualifications

What requirements do I have to meet in order to qualify for the biodiesel blending and storage credit?

In order to qualify for this credit, the following requirements must be met:

- Your investment is for depreciable property that is used primarily to blend biodiesel that is made entirely from Montana-produced feedstocks.
- You blended biodiesel with petroleum diesel and sold it during the current tax year.
- Your storage and blending equipment purchased is used in Montana primarily to sell blended biodiesel.
- You anticipate that your sales of biodiesel will be at least 2 percent of your total diesel sales by the end of the third year following the initial year that you claimed the credit.
- You are an owner, contract purchaser, or lessee who has a beneficial interest in a business that blends biodiesel with petroleum diesel for the purposes of selling it.

I purchased equipment to begin blending biodiesel with petroleum diesel in a prior year but I have just begun blending the fuel for the purposes of selling it this year. Am I eligible for the biodiesel blending and storage credit?

Yes, you are eligible for this credit. The credit is available in any year that you blend biodiesel with petroleum diesel for the purpose of resale. If you purchased the equipment in the two tax years before you began blending the biodiesel and the petroleum diesel, you can use the costs from those years to calculate your current tax year biodiesel blending and storage credit.

Part III. Credit Computation

What costs do I use to calculate my biodiesel blending and storage credit?

The costs used to calculate your credit are the amounts that you have invested in depreciable property that is used for storing or blending biodiesel with petroleum diesel for sale.

If I am claiming the biodiesel blending and storage credit, can I also deduct the annual depreciation on my investment?

Yes, you can deduct the annual depreciation on your investment. This credit is not in lieu of any depreciation or amortization deduction that you are allowed for your investment.

If the credit exceeds my tax liability, can I carry any excess credit to another tax year?

Yes, you can carry forward unused credit for up to seven years. However, if you are not blending or storing biodiesel for blending during a tax year, no credit can be claimed for the tax year.

Administrative Rules of Montana: [42.4.2504](#)

Questions? Call us at (406) 444-6900, or Montana Relay at 711 for the hearing impaired.