

CHAPTER 277
SALES AND USE TAX REFUND FOR BIODIESEL PRODUCTION
[Prior to 9/7/22, see Revenue Department[701] Ch 250]

701—277.1(423) Biodiesel production refund. A refund of sales or use tax is available for certain producers of biodiesel for calendar years 2012 to 2024.

277.1(1) *Qualifications for the refund.* A biodiesel producer must meet the following criteria to be eligible for the refund.

a. The producer must be engaged in the manufacture of biodiesel and have registered with the United States Environmental Protection Agency as a manufacturer in accordance with the requirements of 40 CFR Part 79.4.

b. The biodiesel produced must be for use in biodiesel blended fuel in accordance with Iowa Code section 214A.2.

c. The biodiesel must be produced in Iowa.

277.1(2) *Calculation of the refund.*

a. The refund is calculated by multiplying the total number of gallons produced by the biodiesel producer in this state during each quarter of the calendar year by the following rate:

(1) For the calendar year 2012, three cents.

(2) For the calendar year 2013, two and one-half cents.

(3) For the calendar years 2014 to 2024, two cents.

b. The refund is calculated on the first 25 million gallons of biodiesel produced at each facility during the calendar year. No refund will be allowed on gallons produced in excess of 25 million gallons at a facility during each of the calendar years 2012 to 2024. No refund will be allowed for gallons produced at a facility on or after January 1, 2025.

277.1(3) *Claiming the refund.* To claim the refund, the biodiesel producer must file Form IA 843, Claim for Refund, for each calendar quarter. The filing must include the number of biodiesel gallons produced during the quarter, the calculation of the biodiesel production refund, and the amount of biodiesel production refund claimed. The biodiesel producer must timely file all sales and use tax returns due and timely pay all sales and use taxes owed on its purchases, even when the amount of the biodiesel production refund due exceeds the amount of sales and use taxes owed for the quarter. The department shall reduce the amount of the refund issued by the amount of any sales and use taxes owed by the biodiesel producer.

EXAMPLE: A biodiesel producer produced 5 million gallons during the first quarter of 2018. The producer also owes \$10,000 of Iowa consumers use tax based on purchases made during the first quarter of 2018. The producer must timely file an Iowa consumers use tax return and pay \$10,000 of use tax with the return. The producer may also file Form IA 843, Claim for Refund, to request a refund of \$100,000 (5 million gallons multiplied by 2 cents per gallon) for the first quarter of 2018.

This rule is intended to implement Iowa Code section 423.4 as amended by 2016 Iowa Acts, Senate File 2309.

[ARC 3043C, IAB 4/26/17, effective 5/31/17; ARC 6508C, IAB 9/7/22, effective 10/12/22]

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