

# Tax & Finance

## Tax Relief Act of 2010

In late December, the president signed into law the Tax Relief Act of 2010. While the media attention surrounding the legislation largely highlighted the extension of the Bush-era tax cuts and estate tax relief, there were several specific items in the bill that extended tax benefits that can be very advantageous to waste companies.

Many of these items expire December 31, 2011, so early planning is imperative to take advantage of these tax saving opportunities.

### Alternative Vehicle Fueling Property

A taxpayer can claim a credit of 30% of the cost of the qualifying re-fueling property. To qualify, the property must be originally used by the tax payer (i.e. cannot be previously used) for the storage or dispensing of a clean burning fuel into the fuel tank of a clean burning fuel vehicle.

CNG and LNG qualify as clean burning fuels under the law. The credit is subject to a maximum of \$30,000 for each qualifying property. The property must be placed into service on or before December 31, 2011 in order to qualify for the credit.

For property placed in service in 2009 and 2010, the

credit can be 50% of the cost of the qualifying property, up to a maximum credit of \$50,000.

### Excise Tax Credits on Alternative Fuels

A \$0.50 per gallon (or gasoline gallon equivalent) excise tax credit is allowed for certain alternative fuelers who are subject to excise tax on alternative fuels. This credit had expired on December 31, 2009,

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but has been reinstated for the 2010 and 2011 tax years. LNG and CNG fuels qualify.

Be aware that the person subject to the excise tax under federal laws is often the buyer in bulk sales agreements. In other words, if you buy LNG in bulk from your fuel supplier or you are compressing natural gas pulled from the natural gas infrastructure, you are likely liable for excise tax. That's the bad news.

The good news is that the excise tax on LNG is only \$0.24 per gallon, while the credit is \$0.50 per gallon and the excess credit over the excise tax is

fully refundable. That equates to a \$0.26 per gallon subsidy from the federal government!

### First Year Bonus Depreciation

Certain qualified property is eligible for a first year depreciation "bonus" of 100% of the property cost. Equipment must be purchased on or before December 31, 2011 to qualify. As an example, under this rule a \$200,000 vehicle can be fully expensed in the year of purchase.

There is no limit to the amount of deductions that can be taken for property that qualifies for the deduction. Please consult your tax adviser for applicability to bond financed assets.

If you have any questions on these or any other tax and accounting related matters please feel free to contact Tom Barry at [tbarry@greenhassonjanks.com](mailto:tbarry@greenhassonjanks.com) or 310-873-1647

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