

# Carbon Dioxide Sequestration Credit

▶ Attach to your tax return.

Name(s) shown on return	Identifying number
<b>Qualified carbon dioxide captured after October 3, 2008, at a qualified facility and disposed of in secure geological storage and, if captured after February 17, 2009, not used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project.</b>	
1 Metric tons captured and disposed of (see instructions) . . . . . × \$20.00	<b>1</b>
<b>Qualified carbon dioxide captured after October 3, 2008, at a qualified facility and used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project and, if captured after February 17, 2009, disposed of in secure geological storage.</b>	
2 Metric tons captured and used (see instructions) . . . . . × \$10.00	<b>2</b>
3 Carbon dioxide sequestration credit from partnerships and S corporations . . . . .	<b>3</b>
4 Add lines 1, 2, and 3. Partnerships and S corporations, report this amount on Schedule K, all others, report this amount on Form 3800, line 1x . . . . .	<b>4</b>

## General Instructions

Section references are to the Internal Revenue Code.

### Purpose of Form

Use Form 8933 to claim the carbon dioxide sequestration credit. The credit is allowed for qualified carbon dioxide that is captured and disposed of or captured, used, and disposed of by the taxpayer in secure geological storage. Only carbon dioxide captured and disposed of or used within the United States or a U.S. possession is taken into account when figuring the credit. See *Definitions* below.

Taxpayers other than partnerships or S corporations whose only source of this credit is from those pass-through entities are not required to complete or file this form. Instead, report this credit directly on line 1x of Form 3800, General Business Credit.

### How To Figure the Credit

Generally, the credit is \$20 per metric ton for qualified carbon dioxide captured after October 3, 2008, at a qualified facility and disposed of in secure geological storage and, if captured after February 17, 2009, not used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project.

Generally, the credit is \$10 per metric ton for qualified carbon dioxide captured after October 3, 2008, at a qualified facility and used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project and, if captured after February 17, 2009, disposed of in secure geological storage.

The \$20 and \$10 rates will be adjusted for inflation for tax years beginning after 2009. The inflation adjustment factor for each calendar year is published during the year in the Federal Register.

### Definitions

#### Qualified Carbon Dioxide

Qualified carbon dioxide is carbon dioxide captured after October 3, 2008, from an industrial source that:

- Would otherwise be released into the atmosphere as industrial emission of greenhouse gas, and
- Is measured at the source of capture and verified at the point of disposal or injection.

Qualified carbon dioxide also includes the initial deposit of captured carbon dioxide used as a tertiary injectant. However, it does not include carbon dioxide that is re-captured, recycled, and re-injected as part of the enhanced oil and natural gas recovery process.

#### Qualified Facility

A qualified facility is any industrial facility that is owned by the taxpayer where carbon capture equipment is placed in service and that captures at least 500,000 metric tons of carbon dioxide during the tax year.

#### Secure Geological Storage

This includes storage at deep saline formations, oil and gas reservoirs, and unminable coal seams under such conditions as the IRS may determine under regulations.

#### Tertiary Injectant

This is an injectant (other than a hydrocarbon injectant that is recoverable) that is used as part of a tertiary recovery method. For more details, see section 193(b).

#### Qualified Enhanced Oil or Natural Gas Recovery Project

A qualified enhanced oil or natural gas recovery project means any project located in the United States involving the application of one or more tertiary recovery methods defined in section 193(b)(3) that can reasonably be expected to result in more than an insignificant increase in the amount of crude oil or natural gas that will ultimately be recovered with respect to which the first injection of liquids, gases, or other matter commences after 1990. The project will not be treated as a qualified enhanced crude oil or natural gas recovery project unless the operator submits to the IRS a certification from a petroleum engineer that the project meets (and continues to meet) the above requirements.

#### United States and U.S. Possessions

This includes the seabed and subsoil of those submarine areas that are adjacent to the territorial waters of the United States (or U.S. possession) and over which the United States has exclusive rights according to international law with respect to the exploration and exploitation of natural resources.

### Who Can Take the Credit

Generally, the credit is allowed to the person that captures and physically or contractually ensures the disposal of or the use as a tertiary injectant of the qualified carbon dioxide.

### Specific Instructions

#### Line 1

Enter the metric tons of qualified carbon dioxide captured after October 3, 2008, at a qualified facility and disposed of in secure geological storage and, if captured after February 17, 2009, not used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project. Then, multiply the metric tons entered by \$20.

#### Line 2

Enter the metric tons of qualified carbon dioxide captured after October 3, 2008, at a qualified facility and used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project and, if captured after February 17, 2009, disposed of in secure geological storage. Then, multiply the metric tons entered by \$10.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

- Recordkeeping** . . . . . 1 hr., 54 min.
- Learning about the law or the form** . . . . . 6 min.
- Preparing and sending the form to the IRS** . . . . . 7 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.