



From: Brett Scott, NIADA Vice President, Government Affairs

Subject: RE: IRS- EV Tax Credits-Flush out

All:

To help everyone on this and flush out the links- see below on what/how it'll affect you and your dealership. I don't know how these credits affect each individual dealer but below can provide some guidance.

Beginning January 1, 2023, if you buy a qualified previously owned electric vehicle (EV) or fuel cell vehicle (FCV) from a licensed dealer for \$25,000 or less, you may be eligible for a previously owned clean vehicle tax credit under Internal Revenue Code Section 25E. A full list of OEM's and their models can be searched in the URL (too much to add to an email).

Who Qualifies

You (Individual) may qualify for a credit for buying a previously owned, qualified plug-in electric vehicle (EV) or fuel cell vehicle (FCV), including cars and light trucks, under Internal Revenue Code Section 25E.

To qualify, you must:

- Be an individual who bought the vehicle for use and not for resale
- Not be the original owner
- Not be claimed as a dependent on another person's tax return
- Not have claimed another used clean vehicle credit in the 3 years before the purchase date

In addition, your modified adjusted gross income (AGI) may not exceed:

- \$150,000 for married filing jointly or a surviving spouse
- \$112,500 for heads of households
- \$75,000 for all other filers

You can use your modified AGI from the year you take delivery of the vehicle or the year before, whichever is less. If your income is below the threshold for 1 of the two years, you can claim the credit.

Qualified Vehicles and Sales

To qualify, a vehicle must meet all of these requirements:

- Have a sale price of \$25,000 or less
- Have a model year at least 2 years earlier than the calendar year when you buy it. For example, a vehicle purchased in 2023 would need a model year of 2021 or older.
- Not have already been transferred after August 16, 2022, to a qualified buyer.
- Have a gross vehicle weight rating of less than 14,000 pounds
- Be an eligible FCV or plug-in EV with a battery capacity of least 7 kilowatt hours
- Be for use primarily in the United States

Find a [list of qualified vehicles](#)

The sale qualifies only if:

- You buy the vehicle from a dealer
- For qualified used EVs, the dealer reports required information to you at the time of sale and to the IRS.

A dealer is a person licensed to sell motor vehicles in a state, the District of Columbia, the Commonwealth of Puerto Rico, any other territory or possession of the United States, an Indian tribal government, or any Alaska Native Corporation.

Required information includes:

- Dealer's name and taxpayer ID number
- Buyer's name and taxpayer ID number
- Sale date and sale price
- Maximum credit allowable under IRC 25E
- Vehicle identification number (VIN), unless the vehicle is not assigned one
- Battery capacity

How to Claim the Used Clean Vehicle Credit

Complete [Form 8936, Qualified Plug-in Electric Drive Motor Vehicle Credit \(Including Qualified Two-Wheeled Plug-in Electric Vehicles and New Clean Vehicles\)](#), and file it with your tax return for the year you took possession of the vehicle to claim the used clean vehicle credit. You will need to include the vehicle identification number (VIN) on the form.

MORE Information:

What information does a dealer have to provide to a taxpayer purchasing a previously-owned clean vehicle to allow the taxpayer to claim the previously-owned clean vehicle credit? (added December 29, 2022)

A1. A dealer must provide the following information on a report to the taxpayer and to the IRS:

- Name and taxpayer identification number of the dealer
- Name and taxpayer identification number of the taxpayer
- Vehicle identification number of the vehicle
- Battery capacity of the vehicle
- The date of the sale and the sales price of the vehicle
- Maximum credit allowable for the vehicle being sold
- For sales after December 31, 2023, the amount of any transfer credit applied to purchase
- A declaration under penalties of perjury from the dealer

The dealer must provide the report to the taxpayer not later than the date the vehicle is purchased.

Please let me know if you have any follow up questions.

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