## A Timeline for Implementation

## **NEW CLEAN VEHICLES TAX CREDIT**



Purchasers still eligible to claim Clean Vehicle tax credit if they entered into a written binding contract to purchase a new qualifying clean vehicle before this date, but did not yet take possession of vehicle

Before AUGUST 16 2022

AUGUST 16 2022

Clean Vehicle tax credit limited to vehicles final assembled in the U.S., Canada or Mexico



IRS required to issue guidance on critical mineral and battery component requirements

DECEMBER 31 2022

(04)

OEM Clean Vehicle tax credit unit cap eliminated

2023

Revised tax credit created:

- Base credit amount of \$3,750 if critical mineral requirement is met
- Additional \$3,750 if battery component requirement is met
- No credit allowed for vans, SUVs, pickup trucks with MSRP >\$80,000; other vehicles with an MSRP > \$55,000
- No credit if MAGI > \$300,000 (married filing jointly); MAGI > \$225,000 (head of household; MAGI > \$150,000 (single)
- For EV credits to be available, dealers required to report designated information to buyer and IRS

Section 45W takes effect for commercial motor vehicles primarily propelled by a battery that is capped at \$7,500 (Class 1-3) or \$40,000 (Class 4-8)

- The \$7,500 or \$40,000 tax credit is limited to the lesser of 15% or the vehicle's cost (30% if not powered by gas or diesel) or the incremental cost of the vehicle, as compared to a comparable vehicle powered by gas or diesel
- Vehicles must have a battery w/15kWh capacity (heavy) or 7kWh capacity (light); vehicle must be subject to depreciation, among other things



Value of Clean Vehicle tax credit can be transferred to the dealer by the purchaser; dealer then obtains reimbursement from IRS Vehicles not eligible for tax credit if any battery components are manufactured or assembled by a "foreign entity of concern"

JANUARY 1 2024

2025

Vehicles not eligible for tax credit if any critical minerals contained in battery are extracted, processed or recycled by a "foreign entity of concern"



Clean Vehicle tax credit program ends

DECEMBER 31 2 0 3 2