

## EV Tax Credit Changes

See if your EV qualify for Tax Credit

### EV Tax Credit Limitations

EV Tax Credit Limitations			
Income Limitations			
Filing Status	New Cars MAGI	Used Cars MAGI	EV Tax Credit
Single	> \$150,000	> \$75,000	NOT qualify for EV tax credit
HOH	> \$225,000	> \$112,500	NOT qualify for EV tax credit
Married Filing Jointly	> \$300,000	> \$150,000	NOT qualify for EV tax credit
Married Filing separately	> \$150,000	> \$75,000	NOT qualify for EV tax credit

Vehicle Price and Type Limitations		
Vehicle Type	Price	
Vans, pickup trucks, SUVs	MSRP > \$80,000	NOT qualify for EV tax credit
New Clean Cars	MSRP > \$55,000	NOT qualify for EV tax credit
Used Clean Cars (at least 2 years old)	MSRP > \$25,000	NOT qualify for EV tax credit

If you meet all the requirements above, you can then [check to see](#) if your EV qualifies for tax credit by entering the VIN and model year of your vehicle.

### Federal EV Tax Credit 2023

EVs placed into service after December 31, 2022, the Inflation Reduction Act extends up to **\$7,500** EV tax credit for 10 years until December 2032. The exact amount of the credit will be based on a calculation that considers factors like the vehicle's sourcing and assembly.

Additionally, used EVs (i.e., previously owned clean vehicles that are at least two years old) will now have a separate tax credit of either up to **\$4,000 or 30%** of the price of the vehicle, whichever is less. However, a previously owned EV can't qualify if it's purchased for resale.

Another change is that if you're buying a clean vehicle, you will have the option, beginning in 2024, to take the EV tax credit as a discount at the time you purchase the vehicle. Essentially, you would be transferring the credit to the dealer, who would be able to lower the price of the vehicle by the amount of the credit. This means that you won't have to wait until tax time to benefit from the EV tax break.

### EV Tax Credit 2022

**What happens to the EV tax credit for the rest of 2022?** The Inflation Reduction Act offers some relief for EV buyers who have **written binding sales contracts** from this year to purchase EVs that will be placed in service or delivered on, or after, August 16, 2022, or in 2023. Essentially, if you purchased an electric vehicle before the Inflation Reduction Act became effective (so before August 16, 2022), and that vehicle is otherwise eligible for the old EV tax credit, you can claim that credit under the rules that applied before the Inflation Reduction Act became law. That's true even if you don't take possession of

the EV until after August 16, 2022. Also, the North American final assembly requirement doesn't apply before August 16, 2022. But remember: You need to have a written, binding sales contract to substantiate your claim for the EV tax credit.

**EVs Purchased and Delivered Between August 16, 2022, and December 31, 2022:** If you purchase and take possession of your EV between August 16, 2022, and December 31, 2022, the rules for claiming the EV tax credit before the IRA became law, still apply, except that the final assembly requirement applies. So, you'll need to [check to see](#) if the EV you purchased meets the final assembly requirement in the Inflation Reduction Act (i.e., is eligible for the EV tax credit).

## **EV Sourcing Requirements and Manufacturing Requirements**

Before the Inflation Reduction Act, manufacturers that produced more than 200,000 electric vehicles couldn't qualify for the EV tax credit because it was phased out once the manufacturer reached the 200,000-car cap. The Inflation Reduction Act removes that cap, which means that some cars made by manufacturers who exceeded the 200,000 limits (e.g., General Motors, Toyota, and Tesla) will now be eligible to claim the tax credit.

However, to spur domestic production of clean vehicles, the Inflation Reduction Act also requires that the final assembly of qualifying clean vehicles occur in North America.

The final assembly requirement is effective as of the day President Biden signed the Inflation Reduction Act into law (i.e., August 16, 2022). There is a similar requirement that minerals and other key components (i.e., battery components) that are used to manufacture EVs, also be primarily sourced in North America.

## **EV Charger Tax Credit Expansion**

The Inflation Reduction Act also revives a credit for electric vehicle chargers that initially expired on December 31, 2021. The Alternative Fuel Refueling Property tax credit is extended through December 31, 2032. But the rules for claiming the credit are changed a bit under the Inflation Reduction Act. Essentially, a business that installs an EV charger (and meets certain labor and construction requirements) can still benefit from a tax incentive of up to **30%** of the total cost of equipment and installation. Previously the limit on the amount of the credit was \$30,000 (which applies to projects completed before the end of 2022). However, under the Inflation Reduction Act, if you complete the installation project after 2022, the tax credit, per property item, is **up to \$100,000**.