



## Updates to frequently asked questions related to New, Previously Owned, and Qualified Commercial Clean Vehicle Credits

FS-2024-26, July 2024

Note: These frequently asked questions supersede earlier FAQs that were posted in [FS-2022-42](#) on Dec. 29, 2022, and updated in [FS-2023-04](#) on Feb. 3, 2023, [FS-2023-08](#) on March 31, 2023, [FS-2023-29](#) on Dec. 26, 2023, and [FS-2024-14](#) on April 16, 2024 respectively.

This fact sheet updates frequently asked questions related to new, previously owned and qualified commercial clean vehicles.

The FAQs revisions are as follows:

- Topic A: Eligibility rules for the New Clean Vehicle Credit: updated questions 2, 7, 8, 12 and 18, and added questions 15-17.
- Topic B: Income and Price Limitations for the New Clean Vehicle Credit: updated questions 3, 4, and 7-10, and added questions 12-14.
- Topic C: When the New Requirements Apply to the New Clean Vehicle Credit: updated questions 4 and 6.
- Topic D: Eligibility Rules for the Previously Owned Clean Vehicles Credit: updated questions 3 and 12 and added questions 13-15.
- Topic E: Income and Price Limitations for Previously Owned Clean Vehicles: updated question 2.
- Topic F: Claiming the Previously Owned Clean Vehicles Credit: updated question 3.
- Topic H: Transfer of New Clean Vehicle Credit and Previously Owned Clean Vehicle Credit: updated questions 1-3, 11, 12, 14-15 and 18, and added questions 23-30.
- Topic I: Registering a Dealer/Seller for Seller Reporting and Clean Vehicle Tax Credit Transfers: updated questions 4, 13, and 14, and added questions 19-30.

These FAQs are being issued to provide general information to taxpayers and tax professionals as expeditiously as possible. Accordingly, these FAQs may not address any particular taxpayer's specific facts and circumstances, and they may be updated or modified upon further review. Because these FAQs have not been published in the Internal Revenue Bulletin, they will not be relied on or used by the IRS to resolve a case. Similarly, if an FAQ turns out to be an inaccurate statement of the law as applied to a particular taxpayer's case, the law will control the taxpayer's tax liability.

Nonetheless, a taxpayer who reasonably and in good faith relies on these FAQs will not be subject to a penalty that provides a reasonable cause standard for relief, including a negligence penalty or other accuracy-related penalty, to the extent that reliance results in an underpayment of tax. Any later updates or modifications to these FAQs will be dated to enable taxpayers to confirm the date on which any changes to the FAQs were made. Additionally, prior versions of these FAQs will be maintained on [IRS.gov](http://IRS.gov) to ensure that taxpayers who may have relied on a prior version can locate that version if they later need to do so.

More information about [reliance is available](#). These FAQs were announced in [IR-2024-197](#).

## New Clean Vehicle Credit, Previously Owned Vehicle Credit and Qualified Commercial Clean Vehicles Credit frequently asked questions

### Background

The Inflation Reduction Act of 2022 (IRA) made several changes to the tax credit provided in section 30D of the Internal Revenue Code (Code) for qualified plug-in electric drive motor vehicles, including adding fuel cell vehicles to the section 30D tax credit (New Clean Vehicle Credit). The IRA also added new credits for previously owned clean vehicles under section 25E of the Code (Previously Owned Clean Vehicle Credit) and for commercial clean vehicles under section 45W of the Code (Qualified Commercial Clean Vehicles Credit).

These FAQs provide details on how the IRA revises the credit available for new clean vehicles for individuals and businesses, as well as information on the credit available for previously owned clean vehicles for individuals and the new credit for qualified commercial clean vehicles.



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- [Topic A: Eligibility rules for the New Clean Vehicle Credit](#)
- [Topic B: Income and price limitations for the New Clean Vehicle Credit](#)
- [Topic C: When the new requirements apply to the New Clean Vehicle Credit](#)
- [Topic D: Eligibility rules for the Previously Owned Clean Vehicles Credit](#)
- [Topic E: Income and price limitations previously owned clean vehicles](#)
- [Topic F: Claiming the Previously Owned Clean Vehicles Credit](#)
- [Topic G: Qualified Commercial Clean Vehicles Credit](#)
- [Topic H: Transfer of New Clean Vehicle Credit and Previously Owned Clean Vehicle Credit](#)
- [Topic I: Registering a dealer/seller for seller reporting and Clean Vehicle Tax Credit transfers](#)
- [Topic J: Seller report information for buyers of New and Previously Owned Clean Vehicle Tax Credits beginning in 2024](#)

## Topic A: Eligibility rules for the New Clean Vehicle Credit under section 30D effective Jan. 1, 2023

### Q1. What is a new clean vehicle for purposes of the New Clean Vehicle Credit? (updated Oct. 6, 2023)

A1. For purposes of the New Clean Vehicle Credit, a new clean vehicle is a clean vehicle placed in service on or after Jan. 1, 2023, that is acquired by a taxpayer for original use. In addition, to qualify for the credit, the vehicle:

- Cannot be acquired for resale;
- Must be manufactured by a qualified manufacturer;
- Must meet the definition of a motor vehicle under Title II of the Clean Air Act (that is, any vehicle manufactured primarily for use on public streets, roads and highways. It must also have at least four wheels);
- Must have a gross vehicle weight rating of less than 14,000 pounds;
- Must be powered to a significant extent by an electric motor with a battery capacity of 7 kilowatt hours or more and must be capable of being recharged from an external source of electricity; and
- Must have final assembly in North America.

To find a list of eligible vehicles visit [fuelconomy.gov/newtaxcredit](https://fuelconomy.gov/newtaxcredit). See [FAQ 2](#) for additional detail.

Moreover, for a taxpayer to claim the credit, the seller of a new clean vehicle must provide a report containing taxpayer and vehicle information to the taxpayer and to the IRS. See [Topic B, FAQs 7-9](#) for additional detail.

Fuel cell vehicles are also new clean vehicles if (1) the original use begins with the taxpayer, (2) the final assembly is in North America and (3) the seller of the vehicle provides a report to the taxpayer and the IRS.

### Q2. Is there a list of vehicles that qualify for the New Clean Vehicle Credit? (updated July 26, 2024)

A2. Yes. The Department of Energy hosts a buyer-friendly version of IRS's list of potentially eligible clean vehicles, including battery electric, plug-in hybrid, and fuel cell vehicles, that qualified manufacturers have indicated to the IRS meet the requirements to claim the New Clean Vehicle Credit on [FuelEconomy.gov](https://fuelconomy.gov). This list is updated as additional vehicle eligibility requirements take effect and as manufacturers provide updated information. That list is available here: [fuelconomy.gov/newtaxcredit](https://fuelconomy.gov/newtaxcredit). Final confirmation of vehicle qualification should be done in IRS Energy Credits Online at time of purchase. Buyers and sellers may rely on vehicle eligibility information and certifications in IRS Energy Credits Online from the manufacturer, including the manufacturer's suggested retail price, final assembly, battery attributes, and other vehicle eligibility criteria. The buyer must still meet eligibility requirements, which are described in elsewhere in these FAQs, to claim the credit or to transfer the credit to a dealer. Buyers are advised to receive a copy of the seller report submitted by the dealer to the IRS containing the vehicle identification number being purchased, ensure there are no errors, and then confirm with the dealer that the dealer's submission of the report through IRS Energy Credits Online was successful. The seller must provide you with a report about a vehicle's eligibility at the time of sale.

### Q3. How can I confirm the final assembly of a new clean vehicle is in North America? (updated March 31, 2023)



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A3. There is a Clean Vehicle Credit requirement that vehicles be assembled in North America. The list of eligible vehicles on [FuelEconomy.gov](http://FuelEconomy.gov) includes information about a vehicle's final assembly. The final assembly point will be listed on the vehicle information label attached to each vehicle on a dealer's premises.

North America includes the United States (defined for this purpose to mean the 50 states, the District of Columbia and Puerto Rico), Canada and Mexico for purposes of determining the location of final assembly.

The [VIN Decoder](http://VIN Decoder) website for the National Highway Traffic Safety Administration (NHTSA) also provides final assembly location information.

#### **Q4. How will I know what the vehicle identification number (VIN) is? (updated Oct. 6, 2023)**

A4. The vehicle identification number (VIN) is a 17-character number that uniquely identifies a vehicle. It is permanently attached to a vehicle in several locations, appearing on the dashboard for most passenger vehicles and on the label located on the driver's door frame. The VIN is also located on the window sticker of new vehicles and often appears on the vehicle listing on dealers' websites or can be obtained by calling a dealership. Once the VIN is known, the VIN can be used to confirm final assembly. See [FAQ 3](#).

#### **Q5. If I order a new clean vehicle in one year and don't receive it until a subsequent year, when do I claim the credit? (updated March 31, 2023)**

A5. The New Clean Vehicle Credit is claimed in the tax year that the vehicle is placed in service, meaning the tax year that includes the date the taxpayer takes delivery of the vehicle. See also Topic C [FAQ 5](#) and [FAQ 8](#).

#### **Q6. What is the amount of the New Clean Vehicle Credit? (updated March 31, 2023)**

A6. Beginning Jan. 1, 2023, eligible vehicles may qualify for a tax credit of up to \$7,500. The amount of the credit depends on when the eligible new clean vehicle is placed in service and whether the vehicle meets certain requirements for a full or partial credit.

For vehicles placed in service on or after April 18, 2023, the credit amount will depend on the vehicle meeting the critical minerals requirement (\$3,750) and/or the battery components requirement (\$3,750). A vehicle meeting neither requirement will not be eligible for a credit; a vehicle meeting only one requirement may be eligible for a \$3,750 credit; and a vehicle meeting both requirements may be eligible for the full \$7,500 credit.

For vehicles placed in service before or on April 17, 2023, the credit is calculated as a \$2,500 base amount plus, for a vehicle which draws propulsion energy from a battery with at least 7 kilowatt hours of capacity, \$417, plus an additional \$417 for each kilowatt hour of battery capacity in excess of 5 kilowatt hours, up to an additional \$5,000 beyond the base amount. In general, the minimum credit amount will be \$3,751 ( $\$2,500 + 3 \times \$417$ ), representing the credit amount for a vehicle with the required minimum of 7 kilowatt hours of battery capacity.

#### **Q7. If the New Clean Vehicle Credit amount is more than my income tax liability for the year, is the credit refundable or able to be carried forward? (updated July 26, 2024)**

A7. The amount of the New Clean Vehicle Credit that is more than your income tax liability cannot be refunded, for either personal or business use. However, for purchases after December 31, 2023, eligible taxpayers who purchase an eligible vehicle predominantly for personal use may transfer the entirety of the allowable credit to an eligible entity (a registered dealer) in exchange for a financial benefit and file a federal income tax return with an attached Form 8936 and Schedule A (Form 8936) reporting the transfer of the credit. The entire amount of allowable credit may be transferred even if the credit amount is more than your income tax liability.

If you do not transfer the allowable credit and instead claim it for personal use on, Schedule 3 (Form 1040), Additional Credits and Payments, the New Clean Vehicle Credit is limited to the amount of your income tax liability and cannot be carried forward. For example, your income tax liability is \$3,000. You purchased a new clean vehicle for personal use. The amount of tax credit allowed for the New Clean Vehicle Credit is \$7,500. You can only claim the allowable \$3,000 (the amount of your income tax liability) because, when claimed on Schedule 3, the credit cannot reduce your tax liability below \$0. The remaining \$4,500 is not refunded, nor can it be carried forward.

For business use, the New Clean Vehicle Credit can be carried forward to the extent it is claimed for business use on



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Form 3800, General Business Credit, as otherwise appropriate.

See [Topic H, FAQs 20-21](#) regarding claiming and transferring the clean vehicle credits.

### **Q8. What does “original use” mean? (updated July 26, 2024)**

A8. For purposes of the New Clean Vehicle Credit, “original use” means the first use to which the vehicle is put after it is sold, registered or titled. A vehicle is not a new clean vehicle if (1) another person (including a dealer) has ever purchased, registered or titled the clean vehicle and (2) placed it in service for any purpose (including as a dealer demonstrator vehicle). Where a vehicle is acquired for lease to another person, the lessor (not the lessee) is the original user. Test drives by potential buyers do not disqualify a vehicle from eligibility for the New Clean Vehicle Credit provided the dealer has not titled the vehicle to itself as a demonstrator vehicle.

### **Q9. What is a qualified manufacturer? (added Dec. 29, 2022)**

A9. A qualified manufacturer is a manufacturer that enters into a written agreement with the IRS to file periodic reports with VINs and other information for each vehicle they manufacture. The IRS maintains a list of qualified manufacturers that can be found at [Clean Vehicle Qualified Manufacturer Requirements](#).

### **Q10. Do I have to report the vehicle identification number (VIN) on my return to claim the New Clean Vehicle Credit? (updated April 16, 2024)**

A 10. Yes. The VIN of the new clean vehicle is required to be included on [Schedule A \(Form 8936\), Clean Vehicle Credit Amount, which must be filed with Form 8936, Clean Vehicle Credit](#), when you file your income tax return.

### **Q11. Can the New Clean Vehicle Credit be split among multiple owners? (added March 31, 2023)**

A11. No. In certain instances, multiple taxpayers may purchase, place in service and be titled as owners of a single vehicle. For example, a married couple that files separate tax returns may jointly purchase and take possession of a new clean vehicle that **qualifies** for the credit and both be titled as owners of the vehicle. However, only one taxpayer can claim the New Clean Vehicle Credit per vehicle placed in service, and the credit may not be allocated or prorated among multiple taxpayers. In the case of married taxpayers filing jointly, either spouse may be identified as the owner claiming the New Clean Vehicle Credit.

The name and taxpayer identification number of the owner claiming the New Clean Vehicle Credit should be listed on the seller's report. See [Topic B, FAQ 9](#). Accordingly, multiple owners of a new clean vehicle should inform the seller which owner will claim the New Clean Vehicle Credit so that the seller can identify that taxpayer on the seller's report. The credit would be allowed only on the tax return of the owner listed in the seller's report.

### **Q12. What happens if the new clean vehicle sale is cancelled, or the vehicle is returned or resold shortly after purchase? (updated July 26, 2024)**

A12. If a sale is cancelled before the taxpayer places the vehicle in service, i.e., before the taxpayer takes possession of the vehicle, the taxpayer may not claim the New Clean Vehicle Credit. The vehicle will still be eligible for a New Clean Vehicle Credit upon a subsequent qualifying sale to another taxpayer.

In the case of a return made within 30 days of placing the vehicle in service, the taxpayer may not claim a New Clean Vehicle Credit with respect to the vehicle. Such vehicle, once returned, was already placed in service by the taxpayer, and a New Clean Vehicle Credit is not available to a subsequent buyer. In the case of a resale by the taxpayer made within 30 days of placing the vehicle in service, the taxpayer is treated as having purchased the vehicle with an intent to resell and cannot claim a New Clean Vehicle Credit with respect to the vehicle. Such vehicle was already placed in service by the taxpayer, and a New Clean Vehicle Tax Credit is not available to a subsequent buyer. For more information see [Topic D, FAQ 12](#) and [Topic H, FAQ 18](#).

### **Q13. If I place a vehicle in service in 2024 and it has battery components manufactured by a foreign entity of concern but it meets the critical mineral applicable percentage requirements for 2024, does my vehicle qualify for the \$3,750 portion of the New Clean Vehicle Credit for meeting critical mineral requirements? (added Dec. 26, 2023)**

A13. No, a vehicle placed in service after Dec. 31, 2023, with battery components manufactured or assembled by a



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foreign entity of concern is not eligible for any amount of New Clean Vehicle Credit, as statutorily provided in section 30D(d)(7)(B). If a vehicle has any battery components that were manufactured or assembled by a foreign entity of concern, then the vehicle is no longer considered a new clean vehicle and therefore is not eligible for a partial New Clean Vehicle Credit (\$3,750).

**Q14. Is a qualified manufacturer required in its written report to make an attestation under penalties of perjury demonstrating compliance with the foreign entity of concern requirements of section 30D? (added Dec. 26, 2023)**

A14. Yes, a qualified manufacturer is required to include in its written report the following attestation: “Under penalties of perjury, I declare that I have examined this certification, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of this certification are true, correct, and complete.” As such, a qualified manufacturer’s attestation of compliance with the foreign entity of concern requirements should be made to the best of the qualified manufacturer’s knowledge and belief.

**Q15. I input a VIN for a vehicle identified by a qualified manufacturer as an eligible vehicle, but it came back as ineligible. Is this accurate? Who do I contact for additional information? Is there a list of vehicles that are eligible for the credit? (added July 26, 2024)**

A15. Qualified manufacturers identify and report eligible VINs to the IRS. IRS Energy Credits Online provides real-time confirmation of a vehicle’s eligibility using VINs provided by qualified manufacturers. Qualified manufacturers submit VINs of qualifying vehicles which are matched to time-of-sale reports. If a qualified manufacturer has not provided the IRS with a VIN for an eligible vehicle, the time-of-sale report will be rejected until the manufacturer provides the VIN to the IRS. We are working with qualified manufacturers to ensure all eligible VINs have been submitted. For a list of vehicles that qualify for the New Clean Vehicle Credit see [FAQ 2](#).

**Q16. If a taxpayer buys more than one clean vehicle, will the taxpayer get credit for each vehicle? What about married couples? (added July 26, 2024)**

A16. It depends. One credit is allowed per each new clean vehicle. A taxpayer may make no more than two credit transfer elections per taxable year. In the case of a joint income tax return, each spouse may make two transfer elections per taxable year, for a maximum of four credit transfer elections in a taxable year. For previously owned clean vehicles, see [Topic D, FAQ 4](#).

**Q17. What if the battery capacity on the seller report provided to me doesn’t match the battery capacity reported by the qualified manufacturer? Where can I obtain accurate battery capacity or specific kilowatt information for each vehicle reported to the IRS? (Added July 26, 2024)**

A17. The manufacturer reports the VIN as eligible to the IRS and the battery capacity entered on that report should be at least 7 kwh. IRS Energy Credits Online will confirm, based on data submitted by the manufacturer, that the VIN is eligible including that it meets the battery capacity requirements. The battery capacity entered on the seller report must be at least 7 kwh. The seller report will not be rejected if the manufacturer has reported the VIN as eligible to the IRS and the battery capacity entered is at least 7 kwh, even if it does not match what was reported by the qualified manufacturer. If you’d like further details, look for more information at [Welcome to VIN Decoding: provided by vPIC \(dot.gov\)](#).

**Q18. If I lease a vehicle from a dealership for my personal use, am I eligible to claim a clean vehicle credit? (Updated July 26, 2024)**

A18. No, only vehicle owners are eligible for a new, previously owned, or commercial clean vehicle credit. In the case of a leased vehicle, the lessor (leasing business receiving compensation for use of the vehicle) and not the lessee generally is the owner of the vehicle. The lessee who is paying compensation in exchange for the right to drive the vehicle is not eligible for a clean vehicle credit, regardless of whether the lessee is using the vehicle for business or personal use.

## Topic B: Income and price limitations for the New Clean Vehicle Credit

**Q1. Could my income level prevent me from taking the New Clean Vehicle Credit? (updated Oct. 6, 2023)**



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A1. Yes. You may not claim the credit if your modified adjusted gross income (AGI) exceeds certain thresholds. This limitation is based on your modified AGI for the year that the new clean vehicle was placed in service or for the preceding year being below the respective modified AGI threshold. The relevant modified AGI thresholds are as follows:

- Married filing jointly or filing as a qualifying surviving spouse or a qualifying widow(er) - \$300,000
- Head of household - \$225,000
- All other taxpayers - \$150,000

Your modified AGI is the amount from line 11 of your Form 1040 plus:

- Any amount on line 45 or line 50 of Form 2555, Foreign Earned Income.
- Any amount excluded from gross income because it was received from sources in Puerto Rico or American Samoa.

If your filing status changes between the preceding year and the current year, you may claim the New Clean Vehicle Credit if your modified AGI is less than or equal to the threshold applicable to your filing status for the preceding year or current year.

### **Q2. How do the income thresholds apply to my partnership's purchase and use of a new clean vehicle? (added March 31, 2023)**

A2. If a partnership or an S corporation places a new clean vehicle in service and the New Clean Vehicle Credit is claimed by individuals who are direct or indirect partners of that partnership or shareholders of that S corporation, the modified AGI thresholds apply to those partners or shareholders.

### **Q3. Are there any price limitations on new clean vehicles eligible for the credit? (updated July 26, 2024)**

A3. Yes. The manufacturer's suggested retail price (MSRP) for the new clean vehicle may not exceed the following amounts for the following vehicle types:

- Vans - \$80,000
- Sport Utility Vehicles - \$80,000
- Pickup Trucks - \$80,000
- Other - \$55,000

If the MSRP exceeds the limitation for that specific vehicle type, that vehicle is not eligible for the New Clean Vehicle Credit.

The Department of Energy hosts a buyer-friendly version of IRS's list of potentially eligible new clean vehicles, including battery electric, plug-in hybrid, and fuel cell vehicles, that qualified manufacturers have indicated to the IRS meet the requirements to claim the New Clean Vehicle Credit on [FuelEconomy.gov](http://FuelEconomy.gov), including the applicable MSRP limitation.

### **Q4. How will I know what the manufacturer's suggested retail price (MSRP) is for a vehicle? (updated July 26, 2024)**

A4. The MSRP will be on the vehicle information label attached to each vehicle on a dealer's premises. The MSRP for this purpose is the base retail price suggested by the manufacturer plus the retail price suggested by the manufacturer for each accessory or item of optional equipment physically attached to the vehicle at the time of delivery to the dealer. It does not include destination charges or optional items added by the dealer, separate financing, extended warranties, insurance, or taxes and fees. In addition, manufacturer/dealer incentives and trade-ins do not affect MSRP. The New Clean Vehicle Credit is not a rebate and does not reduce the MSRP or the purchase price. If transferred, the credit may be used as a down payment.

### **Q5. Would I still qualify for the New Clean Vehicle Credit if the purchase price, including sales tax, fees, negative equity on a trade, etc., exceeds the MSRP threshold? (added Dec. 29, 2022)**

A5. The credit limitations on the price of the vehicle are based on MSRP, not the actual price you paid for the vehicle. See [FAQ 4](#) for how to determine the MSRP.

### **Q6. If the manufacturer/dealer offers incentives on the purchase, and the total purchase price drops below the MSRP limitation, will the vehicle be eligible for the new clean vehicles credit? (added Dec. 29, 2022)**



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A6. The credit limitations on the price of the vehicle are based on MSRP, not the actual price you paid for the vehicle. See [FAQ 4](#) for how to determine MSRP.

### **Q7. How do I know if my vehicle is a pickup truck, van, sport utility vehicle (SUV), or other type of vehicle for purposes of determining the applicable MSRP for a vehicle? (updated July 26, 2024)**

A7. A vehicle's classification for this purpose relates to the classification describing the vehicle on the fuel economy label included as part of the window sticker, as well as the EPA Size class displayed on [FuelEconomy.gov](http://FuelEconomy.gov). Vehicles whose class includes "sport utility vehicle," "pickup truck," or "van" on the fuel economy label or on [FuelEconomy.gov](http://FuelEconomy.gov) are considered a sport utility vehicle, pickup truck, or van respectively for this purpose and the \$80,000 MSRP limit applies, including for the following vehicle classes:

- Small Sport Utility Vehicle
- Standard Sport Utility Vehicle
- Small Pickup Truck
- Standard Pickup Truck
- Minivan
- Van

If your eligible vehicle is not in one of the classes described in the list above, the \$55,000 MSRP limitation applies. The Department of Energy hosts a buyer-friendly version of IRS's list of eligible clean vehicles, including battery electric, plug-in hybrid, and fuel cell vehicles, that qualified manufacturers have indicated to the IRS meet the requirements to claim the New Clean Vehicle Credit on [FuelEconomy.gov](http://FuelEconomy.gov), including the applicable MSRP limitation.

At the time of sale, buyers are advised to obtain a copy of the seller report submitted by the dealer to the IRS containing the vehicle identification number of the vehicle being purchased, ensure there are no errors, and then confirm with the dealer that the dealer's submission of the report through IRS Energy Credits Online was successful. IRS Energy Credits Online provides real-time confirmation of a vehicle's eligibility using VINs provided by qualified manufacturers.

### **Q8. If my vehicle's classification changed since it was purchased, can I claim the New Clean Vehicle Credit? (updated July 26, 2024)**

A8. Eligible taxpayers who placed in service an eligible vehicle on or after January 1, 2023, may claim the credit on their tax return based on the updated vehicle classification definition provided in the final regulations, and the associated MSRP limitation. All vehicles that were classified as an SUV, van, or pickup truck for the purpose of the New Clean Vehicle Credit prior to the issuance of final regulations continue to be subject to the same \$80,000 MSRP limitation. Some vehicles that were previously subject to the \$55,000 MSRP limitation are now classified as SUVs and therefore get the benefit of the \$80,000 MSRP limitation. The vehicles now classified as SUVs for this purpose include, but may not be limited, to the 2023 Cadillac Lyriq, the 2022 and 2023 Ford Mustang Mach-E, certain variants of the 2022 and 2023 Tesla Model Y, certain variants of the 2022 and 2023 Volkswagen ID.4, and the 2022 and 2023 Ford Escape Plug-In Hybrid. In the case where vehicles have been reclassified for the purpose of this credit, taxpayers should obtain a report from the seller, see [FAQ 9](#). Vehicles placed in service on or after April 18, 2023, must also meet the critical minerals and battery sourcing requirements to claim the credit.

### **Q9. What information does a seller have to provide to a taxpayer purchasing a new clean vehicle to allow the taxpayer to claim the New Clean Vehicle Credit? (updated July 26, 2024)**

A9. A seller must provide the following information on a report to the taxpayer and to the IRS. These reports are called "seller reports" or "time of sale reports":

- Name and taxpayer identification number of the seller.
  - Where the buyer is a grantor trust, the name and taxpayer identification number of the grantor or other deemed owner of the trust should be listed.
  - Where the buyer is a disregarded entity, such as a single member LLC, the name and taxpayer identification number of the taxable owner of the disregarded entity should be listed.
- Name and taxpayer identification number of the taxpayer (only one taxpayer may be listed on the seller report; in the event of multiple owners, only the taxpayer that intends to claim the credit should be listed).
- Vehicle identification number (VIN) of the new clean vehicle.



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- Battery capacity of the new clean vehicle.
- Verification that the taxpayer is the original user of the new clean vehicle.
- The date of the sale and the sale price of the vehicle.
- Maximum credit allowable for the new clean vehicle being sold.
- For sales after Dec 31, 2023, the amount of any transfer credit applied to the purchase.
- A declaration under penalties of perjury from the seller.

For further details see [Revenue Procedure 2022-42](#) and [Revenue Procedure 2023-33](#).

### **Q10. When must the seller provide the report to the taxpayer? (updated July 26, 2024)**

A10. For sales occurring on or after January 1, 2024, the seller must file a report through the IRS Energy Credits Online Portal within three calendar days of the date of sale. The seller must provide the report and confirmation of the submission to the taxpayer purchasing the vehicle within three calendar days of submission. It is recommended that the report be filed upon completion of the sale and provided to the taxpayer prior to the vehicle being placed in service.

For further details see [Revenue Procedure 2022-42](#) and [Revenue Procedure 2023-33](#).

### **Q11. How will a seller provide these reports to the IRS? (updated April 16, 2024)**

A11. For vehicle sales occurring in calendar year 2023, sellers were required to file reports with the IRS by Feb. 15, 2024. For vehicle sales occurring in calendar year 2024 and later, **sellers must file reports within 3 days of the time of sale through IRS Energy Credits Online**. For further details see [Revenue Procedure 2022-42](#), [Revenue Procedure 2023-33](#), and [Revenue Procedure 2024-12](#).

### **Q12. The time-of-sale report requires a buyer E-signature. What is an E-signature? (added July 26, 2024)**

A12. An E-signature is provided by having the buyer type their name in the signature box.

### **Q13. What if I need to change a time-of-sale report submitted for a VIN? (added July 26, 2024)**

A13. If a second time-of-sale report is needed for a VIN, the first time-of-sale report should be voided within the 48-hour void period prior to submitting the second time-of-sale report for the same VIN. Refer to [Publication 5867, a clean vehicle time of sale reporting user guide](#), and contact [irs.clean.vehicles.dealer.info@IRS.gov](mailto:irs.clean.vehicles.dealer.info@IRS.gov) with any specific questions. The IRS will provide additional information on IRS Energy Credits Online about returns, cancellations, and updating errors on the seller report outside the 48-hour void period in the coming months.

### **Q14. Does the time-of-sale report need to be completed for leased vehicles through IRS Energy Credits Online? (added July 26, 2024)**

A14. No. In the case of a leased vehicle, the lessor (leasing business) and not the lessee generally is the owner of the vehicle. The only person who can claim a New Clean Vehicle Credit is the owner. If the owner (the leasing business in the case of a leased vehicle) plans to claim a New Clean Vehicle Credit under section 30D, a time-of-sale report is required. However, the credit cannot be transferred to the dealer because the election to transfer credits is not available for new clean vehicle purchases used for business. Leasing businesses may claim the credit as a Commercial Clean Vehicle Credit under section 45W as part of their general business credits. This does not require the seller of the vehicle to submit a time-of-sale report.

## **Topic C: When the new requirements apply to the New Clean Vehicle Credit**

### **Q1. On the day after the Inflation Reduction Act of 2022 became law (Aug. 16, 2022), did any requirements for taxpayers or vehicles to qualify for the credit for new clean vehicles change? (added Dec. 29, 2022)**

A1. Yes, after Aug. 16, 2022, a new clean vehicle must have had its final assembly in North America to be eligible for the credit. There is a [transition rule for vehicles purchased before Aug. 16, 2022](#). Additional changes begin Jan. 1, 2023.

### **Q2. What additional changes to the credit apply for vehicles placed in service on or after Jan. 1, 2023? (updated Oct. 6, 2023)**



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**A2. The most significant changes to the credit for vehicles delivered on or after Jan. 1, 2023, include:**

- The minimum battery capacity is increased to 7 kilowatt hours.
- Vehicles must be made by a qualified manufacturer (see [Topic A, FAQ 9](#) for more detail).
- MSRP limitations apply, based on the type of vehicle (see [Topic B, FAQ 3](#) and [Topic B, FAQ 6](#) for more detail).
- Income limits apply to taxpayers (see [Topic B, FAQ 1](#) and [Topic B, FAQ 2](#) for more detail).
- The taxpayer must report the vehicle identification number (VIN) of the vehicle on the taxpayer's income tax return.
- Sellers must provide reports to the taxpayer and the IRS regarding the sale of the vehicle.
- Beginning in 2024, the taxpayer may elect to transfer the New Clean Vehicle Credit to the registered dealer.

**Q3. Does the “phase-out period” that limited or eliminated the credit for vehicles sold by certain manufacturers that had sold more than 200,000 vehicles still apply for vehicles sold after Jan. 1, 2023? (added Dec. 29, 2022)**

A3. No, for vehicles sold on or after Jan. 1, 2023, the prior sales volume limitations no longer apply. The prior sales volume limitations apply to vehicles sold before Jan. 1, 2023.

**Q4. When do the new critical mineral and battery components requirements apply? (updated July 26, 2024)**

A4. April 18, 2023. The critical mineral and battery components requirements of the New Clean Vehicle Credit apply to vehicles placed in service on or after April 18, 2023, the day after the applicable Notice of Proposed Rulemaking was issued in the Federal Register.

Vehicles ordered or purchased prior to but placed in service on or after April 18, 2023, will be subject to the critical mineral and battery component requirements.

**Q5. If I order a new clean vehicle in one year and don't receive it until a subsequent year, when do I claim the credit? (updated March 31, 2023)**

A5. For vehicles purchased on or after Aug. 16, 2022, the New Clean Vehicle Credit is claimed in the tax year that the vehicle is placed in service, meaning the date the taxpayer takes delivery of the vehicle. For vehicles that are placed in service after they are ordered, a vehicle's eligibility for the New Clean Vehicle Credit may change as certain eligibility criteria vary based on when the taxpayer takes delivery of the vehicle. For more information, see [FAQ 7](#).

However, if you entered into a written binding contract to buy a new clean vehicle after Dec. 31, 2021, and before Aug. 16, 2022, but took possession on or after Aug. 16, 2022, you must claim the credit on a tax return for tax year 2022. Depending on the date the vehicle is delivered, you can claim the credit on your original, superseding or amended 2022 tax return. For more information, see [FAQ 7](#).

**Q6. If I ordered (or purchased) an eligible new clean vehicle on or after August 16, 2022, but didn't take delivery until after Treasury issued proposed guidance on the critical mineral and battery component requirements, will my vehicle still be eligible? (updated July 26, 2024)**

A6. The vehicle may or may not be eligible depending on whether it meets the critical mineral and battery component requirements. A vehicle's eligibility for the New Clean Vehicle Credit is generally based on the rules that apply as of the date a vehicle is placed in service, meaning the date the taxpayer takes delivery of the vehicle. New clean vehicles placed in service on or after April 18, 2023, are subject to the critical mineral and battery component requirements even if the vehicle was ordered or purchased before April 18, 2023.

For vehicles purchased prior to August 16, 2022, see [Credits for new electric vehicles purchased in 2022 or before](#).

**Q7. If I purchase a new clean vehicle in 2022 on or after Aug. 16, 2022, but take delivery of the vehicle in 2023, do the income and MSRP limitations apply? (updated Feb. 3, 2023)**

A7. Yes, the income and MSRP limitations apply to any vehicle that is placed in service (delivered to the taxpayer) in 2023.

**Q8. If I purchased or entered into a written binding contract to purchase my new clean vehicle after Dec. 31, 2021, and before Aug. 16, 2022, and placed it in service after Dec. 31, 2022, what requirements apply and what tax**



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### **year's return can I claim the New Clean Vehicle Credit on? (added March 31, 2023)**

A8. If you purchased or entered into a written binding contract to purchase a new clean vehicle after Dec. 31, 2021, and before Aug. 16, 2022, but took possession on or after Aug. 16, 2022, you may claim the credit based on the requirements for the credit that applied on Aug. 15, 2022, the day before the IRA was enacted. To do so, you are required to claim the credit on a tax return for tax year 2022. Depending on the date the vehicle is placed in service, you may claim the credit on an original, superseding or amended return for tax year 2022.

Taxpayers may not claim the credit before they take possession of the vehicle. While taxpayers should file when they are ready, they should avoid filing prematurely. If you have not received the vehicle before your original tax filing deadline and you have the option, consider applying for an automatic extension of time to file your return.

If you have not yet filed your tax return for tax year 2022 at the time you take possession of your new clean vehicle, you may claim the credit on your original 2022 tax return. If you have already filed your tax return for tax year 2022 at the time you take possession of the new clean vehicle, you may file an amended tax return for tax year 2022 and claim the credit. Generally, taxpayers must file an amended return within 3 years after the date the original return was filed or within two years after the date they paid the tax, whichever is later.

### **Q9. If I purchase a new clean vehicle in 2022 that was made by a manufacturer that had already reached the manufacturer sales cap but it is not delivered until 2023, does the manufacturer sales cap still apply? (added Dec. 29, 2022)**

A9. Yes, the sales cap of 200,000 vehicles applies to vehicles **sold** before Jan. 1, 2023. If you purchased a vehicle that is subject to the sales cap, it is not eligible for the credit regardless of when you place it in service.

## **Topic D: Eligibility rules for the Previously Owned Clean Vehicle Credit**

### **Q1. What is the Previously Owned Clean Vehicle Credit under section 25E? (updated Oct. 6, 2023)**

A1. The Previously Owned Clean Vehicle Credit is a credit of up to \$4,000 for the purchase of an eligible previously owned clean vehicle with a sale price of \$25,000 or less that is placed in service during a tax year by a qualified buyer. To claim the credit, a qualified buyer must meet certain income requirements (see [Topic E, FAQ 1](#)), and it must be the vehicle's first qualified sale since Aug. 16, 2022, other than to the original owner.

### **Q2. What is a previously owned clean vehicle for the purpose of the Previously Owned Clean Vehicle Credit? (updated Oct. 6, 2023)**

A2. A previously owned clean vehicle is a motor vehicle that meets the following requirements:

- The model year of the vehicle is at least two years earlier than the calendar year in which a taxpayer acquires the vehicle.
- The purchasing taxpayer is not the original user of the vehicle.
- The vehicle was acquired for a sale price of \$25,000 (see [Topic E, FAQ 2](#)) or less from a dealer, and the purchasing taxpayer is the first qualified buyer (see [FAQ 4](#)) to claim the credit since Aug. 16, 2022, other than its original user.
- Such motor vehicle is a:
  - Qualified fuel cell motor vehicle with a gross vehicle weight rating of less than 14,000 pounds, or
  - A vehicle made by a qualified manufacturer (see [Topic A, FAQ 9](#)) that meets the definition of a motor vehicle under Title II of the Clean Air Act, has a gross vehicle weight rating of less than 14,000 pounds, is powered to a significant extent by an electric motor with a battery capacity of seven kilowatt hours or more, and is capable of being recharged from an external source of electricity.

The dealer selling the previously owned clean vehicle must provide a seller report containing buyer and vehicle information to the purchasing taxpayer and to the IRS.

### **Q3. How will I know if a previously owned clean vehicle may be eligible for a credit? (updated July 26, 2024)**

A3. Please see the following [Used Clean Vehicle Credit](#) page regarding vehicle eligibility. In addition, qualified buyers will



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want to ensure their income does not exceed certain thresholds (see [Topic E, FAQ 1](#)) and check the sales history of the vehicle to ensure that their purchase will qualify as the first transfer of the previously owned vehicle after Aug. 16, 2022 (see [FAQ 4](#) and [FAQ 7](#)) other than to the person who was the original user of the vehicle.

Visit [fuelconomy.gov/usedtaxcredit](http://fuelconomy.gov/usedtaxcredit) for a list of manufacturers and models that are eligible for the Used Clean Vehicle Credit.

At the time of sale, buyers are advised to obtain a copy of the seller report submitted by the dealer to the IRS containing the vehicle identification number of the vehicle being purchased, ensure there are no errors, and then confirm with the dealer that the dealer's submission of the report through IRS Energy Credits Online was successful. IRS Energy Credits Online provides real-time confirmation of a vehicle's eligibility using VINs provided by qualified manufacturers (see [Topic I, FAQ 29](#)). Buyers are also advised to obtain a copy of the vehicle history report as of the date of sale for their records.

### **Q4. Who is eligible to claim the Previously Owned Clean Vehicle Credit? (updated Feb. 3, 2023)**

A4. Only individuals who meet the following requirements can claim the Previously Owned Clean Vehicle Credit:

- The taxpayer purchases the vehicle for use and not for resale.
- The taxpayer cannot be claimed as a dependent on another taxpayer's tax return.
- The taxpayer has not been allowed another Previously Owned Clean Vehicle Credit in the three-year period prior to the date the previously owned clean vehicle is purchased.
- The taxpayer's income level cannot exceed certain thresholds (see [Topic E, FAQ 1](#)).

### **Q5. What is the amount of the Previously Owned Clean Vehicle Credit? (added Dec. 29, 2022)**

A5. The Previously Owned Clean Vehicle Credit is the lesser of \$4,000 or an amount equal to thirty (30) percent of the sale price of the vehicle purchased.

### **Q6. What is "original use" of a previously owned clean vehicle? (added Dec. 29, 2022)**

A6. Original use occurs the first time an individual or business places a vehicle in service for personal or business purposes.

### **Q7. What is the first transfer rule for purposes of being a qualified sale of a previously owned clean vehicle? (updated Oct. 6, 2023)**

A7. It is the first transfer of the vehicle after Aug. 16, 2022, of the Previously Owned Clean Vehicle Credit other than to the person who was the original user of the vehicle. See [FAQ 4](#) for information on individuals eligible to claim the Previously Owned Clean Vehicle Credit. The original user's sale of the vehicle to a dealer or a subsequent dealer does not negate the vehicle's eligibility for the credit under the first transfer rule. As described in [Topic J, FAQ 2](#), sellers will review vehicle history reports when making attestations regarding the vehicle's eligibility and submitting seller reports. Please see [FAQ 12](#) for information about eligibility of returned previously owned clean vehicles.

### **Q8. Can a business entity (e.g., a corporation or a partnership) purchase a previously owned clean vehicle and claim the Previously Owned Clean Vehicle Credit? (added Dec. 29, 2022)**

A8. No. Only individuals are eligible for the Previously Owned Clean Vehicle Credit.

### **Q9. Can I buy a previously owned clean vehicle from a person who isn't a dealer and still qualify for the Previously Owned Clean Vehicle Credit? (updated Oct. 6, 2023)**

A9. No. To qualify for the credit, the previously owned clean vehicle must be purchased from a dealer. A dealer is a person licensed by a state, the District of Columbia, an Indian tribal government, or any Alaska Native Corporation to engage in the sale of vehicles. A dealer may make sales at sites outside of the jurisdiction in which its licensed.

### **Q10. If I order or purchase a previously owned clean vehicle in 2022 but take delivery of the vehicle in 2023, can the vehicle qualify for the Previously Owned Clean Vehicle Credit? (added Dec. 29, 2022)**

A10. Yes, if all other eligibility criteria are met.

### **Q11. If I purchase a previously owned clean vehicle for which a New Clean Vehicle Credit was claimed by the**



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### **original buyer, may I claim a Previously Owned Clean Vehicle Credit for it? (added Oct. 6, 2023)**

A11. Yes, if all other eligibility criteria for the previously owned clean vehicle are met.

### **Q12. What happens if a sale is cancelled or the vehicle is returned or resold shortly after purchase? (updated July 26, 2024)**

A12. If a sale is cancelled before the taxpayer places the vehicle in service (that is, before the taxpayer takes possession of the vehicle), the buyer may not claim the Previously Owned Clean Vehicle Credit. If the time-of-sale report for the cancelled sale was submitted to the IRS through IRS Energy Credits Online, the time-of-sale report should be voided within the 48-hour void period. The vehicle may still be eligible for a previously owned clean vehicle credit upon a subsequent qualifying sale to another taxpayer.

In the case of a return of a previously owned clean vehicle made within 30 days of placing the vehicle in service, the buyer making the return may not claim the Previously Owned Clean Vehicle Credit. Because such vehicle was already placed in service by a taxpayer, a Previously Owned Clean Vehicle Credit generally is not available to a subsequent buyer. The taxpayer can rely on a vehicle history report as of the date of sale to determine eligibility, but still must obtain a successfully-submitted time-of-sale report to claim the credit.

In the case of a resale made by the buyer within 30 days of placing the vehicle in service, the buyer is treated as having purchased the vehicle with an intent to resell and a Previously Owned Clean Vehicle Credit cannot be claimed. If the buyer had transferred the credit to the dealer at the time of purchase, the buyer is required to file a federal income tax return with an attached Form 8936 and Schedule A (Form 8936) and must repay the amount of the credit to the IRS. Because such vehicle was already placed in service by a taxpayer, a Previously Owned Clean Vehicle Credit is not available to a subsequent buyer.

### **Q13. If a previously owned clean vehicle is sold after August 16, 2022, to a dealer that then sells it to another dealer, is the vehicle eligible for a Previously Owned Clean Vehicle Credit in the subsequent sale? (added July 26, 2024)**

A13. Yes, if all other eligibility criteria for the previously owned clean vehicle credit are met. For purposes of the previously owned clean vehicle credit, this dealer-to-dealer transfer will not make the vehicle ineligible for this credit in a subsequent sale to an individual.

### **Q14. A previously owned clean vehicle is sold for the first time after August 16, 2022, to an individual for more than \$25,000. Will this vehicle be eligible for the Previously Owned Clean Vehicle Credit if it is subsequently sold for less than \$25,000? (added July 26, 2024)**

A14. No, the vehicle is not eligible for the previously owned vehicle credit and will not be eligible for the credit in any subsequent sales. Only the first transfer of the vehicle after August 16, 2022, is eligible for the Previously Owned Clean Vehicle Credit, regardless of whether the taxpayer is eligible for the credit or chooses to claim or transfer the credit. See [FAQ 7](#).

### **Q15. How do I know if a credit has been claimed on a previously owned clean vehicle? (added July 26, 2024)**

A15. If a credit was claimed for the VIN after January 1, 2024, or the qualified manufacturer did not submit the vehicle identification number to the IRS as an eligible vehicle, the time of sale system will show that the VIN is ineligible for the credit. See [Topic I, FAQ 29](#).

You will need to check the vehicle history report of the vehicle to ensure that the customer's purchase will qualify as the first transfer of the previously owned vehicle after August 16, 2022 (see [FAQ 4](#), [FAQ 7](#), and [FAQ 12](#)), other than to the person who was the original user of the vehicle.

## **Topic E: Income and price limitations for Previously Owned Clean Vehicles**

### **Q1. Could my income level prevent me from taking the Previously Owned Clean Vehicle Credit? (added Dec. 29, 2022)**



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A1. Yes. You may not claim the credit if your modified adjusted gross income (AGI) exceeds certain thresholds. This limitation is based on your modified AGI for the year that the previously owned clean vehicle was placed in service or for the preceding year being below the respective modified AGI threshold. The relevant modified AGI thresholds are as follows:

- Married filing jointly or filing as a qualifying surviving spouse or a qualifying widow(er) - \$150,000.
- Head of household - \$112,500.
- All other filers - \$75,000.

Your modified AGI is the amount from line 11 of your Form 1040 plus:

- Any amount on line 45 or line 50 of Form 2555, Foreign Earned Income.
- Any amount excluded from gross income because it was received from sources in Puerto Rico or American Samoa.

### **Q2. Is there a price limitation that applies in order for previously owned clean vehicles to be eligible for the credit? (updated July 26, 2024)**

A2. If the sale price of a previously owned clean vehicle exceeds \$25,000, the vehicle is not eligible for the Previously Owned Clean Vehicle Credit. The sale price of a previously owned clean vehicle means the total price agreed upon by the buyer and seller in a written contract at the time of sale, including the retail price for each accessory or item of optional equipment physically attached to the vehicle at the time of sale and any delivery charges, and after the application of any incentives, but excluding separately stated taxes and fees required by state or local law. The sale price of a previously owned clean vehicle is determined before the application of any trade-in value. The sale price does not include separate financing, extended warranties or insurance.

Please note that the sale price for the purpose of the \$25,000 limitation is also not affected by a buyer's decision whether or not to transfer a Previously Owned Clean Vehicle Credit to a dealer.

## **Topic F: Claiming the Previously Owned Clean Vehicle Credit**

### **Q1. 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 Dec. 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 sale price of the vehicle.
- Maximum credit allowable for the vehicle being sold.
- For sales after Dec. 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. For further details on dealer reporting see [Topic B, FAQs 7-9](#) and [Revenue Procedure 2022-42](#).

### **Q2. Do I have to report the vehicle identification number on my return to claim the Previously Owned Clean Vehicle Credit? (updated Oct. 6, 2023)**

A2. Yes. The vehicle identification number of the previously owned clean vehicle is required to be included on [Schedule A \(Form 8936\), Clean Vehicle Credit Amount](#), which must be filed with Form 8936, Clean Vehicle Credit, when you file your income tax return.

### **Q3. If the Previously Owned Clean Vehicle Credit amount is more than the taxpayer's income tax liability for the**



## **year, is it refundable or able to be carried forward? (updated July 26, 2024)**

A3. The Previously Owned Clean Vehicle Credit may be used by a taxpayer to the extent the taxpayer has a reported income tax liability. The credit cannot be carried forward to apply to future year tax returns, and any excess credit is not refundable. However, for purchases after December 31, 2023, qualified buyers who purchase an eligible vehicle may transfer the entire amount of the allowable credit to an eligible entity (a registered dealer) in exchange for a financial benefit, provided the qualified buyer files a federal income tax return with an attached Form 8936 and Schedule A (Form 8936) reporting the transfer of the credit. The entire amount of allowable credit may be transferred even if the credit amount is more than the qualified buyer's income tax liability for the year. In addition, see [Topic H, FAQ 3](#) regarding transfer of the clean vehicle credits.

## **Topic G: Qualified Commercial Clean Vehicle Credit**

### **Q1. Who is eligible to claim a credit under section 45W of the Code for purchasing a qualified commercial clean vehicle (Qualified Commercial Clean Vehicle Credit)? (added Dec. 29, 2022)**

A1. A taxpayer can claim a Qualified Commercial Clean Vehicle Credit for purchasing and placing in service in the taxpayer's business a "qualified commercial clean vehicle" during the taxable year. The taxpayer must use the vehicle for a "business use." See [FAQ 9](#).

### **Q2. What is a "qualified commercial clean vehicle"? (added Dec. 29, 2022)**

A2. A "qualified commercial clean vehicle" is defined as any vehicle of a character subject to the allowance for depreciation that is:

- Made by a qualified manufacturer (See [Topic A, FAQ 9](#)),
- Acquired for use or lease by the taxpayer and not for resale,
- Treated as a motor vehicle for purposes of title II of the Clean Air Act and is manufactured primarily for use on public streets, roads and highways (not including a vehicle operated exclusively on a rail or rails) or is mobile machinery as defined in section 4053(8) of the Code, and
- Propelled to a significant extent by an electric motor which draws electricity from a battery that has a capacity of not less than 15 kilowatt hours (or, in the case of a vehicle that has a gross vehicle weight rating of less than 14,000 pounds, 7 kilowatt hours) and is capable of being recharged from an external source of electricity, or satisfies the requirements under section 30B(b)(3)(A) and (B) of the Code for being a new qualified fuel cell motor vehicle.

### **Q3. What is the amount of the Qualified Commercial Clean Vehicle credit a taxpayer can claim? (added Dec. 29, 2022)**

A3. The amount of the Qualified Commercial Clean Vehicle Credit is the lesser of (1) 15% of the taxpayer's tax basis in the vehicle (30% in the case of a vehicle not powered by a gasoline or diesel internal combustion engine) or (2) the incremental cost of the vehicle.

The credit is limited to \$7,500 in the case of a vehicle that has a gross vehicle weight rating of less than 14,000 pounds, and \$40,000 for all other vehicles.

### **Q4. How is "incremental cost" determined? (updated Oct. 6, 2023)**

A4. The incremental cost is the excess of the purchase price of a qualified commercial clean vehicle over the price of a comparable vehicle. A comparable vehicle is a vehicle powered solely by a gasoline or diesel internal combustion engine that is comparable in size and use to the qualified commercial clean vehicle. Refer to [Notice 2023-9](#) for a non-exhaustive estimate that may be used to determine incremental cost for taxable year 2023.

### **Q5. Is a taxpayer that leases clean vehicles to customers as its business eligible to claim the Qualified Commercial Clean Vehicle Credit? (added Dec. 29, 2022)**

A5. Whether a taxpayer can claim the Qualified Commercial Clean Vehicle Credit in its business depends on who is the owner of the vehicle for federal income tax purposes. The owner of the vehicle is determined based on whether the lease is respected as a lease or recharacterized as a sale for federal income tax purposes.



## **Q6. What factors are used to determine if a transaction is a “lease” for tax purposes? (updated Feb. 3, 2023)**

A6. Based on longstanding tax principles, the determination whether a transaction constitutes a sale or a lease of a vehicle for tax purposes is a question of fact. Features of a vehicle lease agreement that would make it more likely to be recharacterized as a sale of the vehicle for tax purposes include but are not limited to:

- A lease term that covers more than 80% to 90% of the economic useful life of the vehicle.
- A bargain purchase option at the end of the lease term (that is, the ability to purchase the vehicle at less than its fair market value at the end of the term) or other terms/provisions in the lease that economically compel the lessee to acquire the vehicle at the end of the lease term.
- Terms that result in the lessor transferring ownership risk to the lessee, for example, a terminal rental adjustment clause (TRAC) that requires the lessee to pay the difference between the actual and expected value of the vehicle at the end of the lease. (Note that special rules exist under section 7701(h) for qualified motor vehicle operating agreements that contains a TRAC.)

## **Q7. What happens if the clean vehicle lease agreement is recharacterized as a sale for tax purposes? (added Dec. 29, 2022)**

A7. In the event the clean vehicle lease is recharacterized as a sale, the lessee would need to determine if they are eligible to claim either a Clean Vehicle Credit or a Qualified Commercial Clean Vehicle Credit. The lessor would not be eligible to claim either credit because they would have engaged in a resale of the vehicle.

## **Q8. What does “of a character subject to the allowance for depreciation” mean for purposes of the Qualified Commercial Clean Vehicle Credit? (added Dec. 29, 2022)**

A8. In general, property is subject to the allowance for depreciation if it is used in a trade or business of the taxpayer or for the production of income (business use).

## **Q9. How does a taxpayer determine if a vehicle is used in a “business use”? (added Dec. 29, 2022)**

A9. Generally, the term “business use” means any use in a trade or business of the taxpayer.

## **Q10. Can I claim a Qualified Commercial Clean Vehicle Credit for a vehicle for which I or another taxpayer claimed a New Clean Vehicle Credit? (added March 31, 2023)?**

A10. No. A Qualified Commercial Clean Vehicle Credit is not allowed with respect to a vehicle for which a New Clean Vehicle Credit was allowed.

## **Topic H: Transfer of New Clean Vehicle Credit and Previously Owned Clean Vehicle Credit**

### **Q1. What is the transfer election for a new clean vehicle or previously owned clean vehicle? (updated July 26, 2024)**

A1. The transfer election allows a taxpayer purchasing a new clean vehicle or previously owned clean vehicle after December 31, 2023, to transfer the entire amount of the allowable credit to an eligible entity (a registered dealer) in exchange for a financial benefit (e.g., a reduced final amount due from buyer) from the eligible entity equal to the amount of the credit, whether in cash, in the form of a partial payment, or down payment for the purchase of such vehicle. In short, the credit can be applied at the point of sale to reduce the amount due from the buyer for the purchase of the vehicle. Eligible taxpayers who purchase an eligible vehicle and do not make the transfer election will still be able to claim the New or Previously Owned Clean Vehicle Credit on their federal income tax return, under sections 30D or 25E, respectively.

See [Topic A, FAQ 7](#) and [Topic F, FAQ 3](#) regarding refund and carryover treatment of the Clean Vehicle Credits at the time of tax filing.

### **Q2. Who can receive a transferred New or Previously Owned Clean Vehicle Credit? (updated July 26, 2024)**

A2. Only an eligible entity can receive a transferred New or Previously Owned Clean Vehicle Credit. An eligible entity is



generally a dealer that sells a new clean vehicle or a previously owned clean vehicle to a taxpayer and registers with the IRS as required by the applicable regulations. For purposes of these FAQs, an eligible entity is referred to as a “registered dealer.” Buyers are advised to obtain a copy of the seller report submitted by the dealer to the IRS containing the vehicle identification number of the vehicle being purchased, ensure there are no errors, and then confirm with the dealer that the dealer’s submission of the report through IRS Energy Credits Online was successful.

### **Q3. What are the requirements a buyer must meet to be eligible to transfer the New Clean Vehicle Credit or Previously Owned Clean Vehicle Credit to a registered dealer? (updated July 26, 2024)**

A3. A buyer must be an individual and meet all eligibility requirements for the New Clean Vehicle Credit or Previously Owned Clean Vehicle Credit, as applicable. See [Topic A](#), [Topic B](#), [Topic D](#) and [Topic E](#). An individual does not include individuals that are listed on the Time Of Sale reports where the buyer is a grantor trust, and the individual’s name and taxpayer identification number is listed as the grantor or other deemed owner of the trust, or the buyer is a disregarded entity such as a single member LLC where the individual’s name and taxpayer identification number is listed as taxable owner of the disregarded entity.

### **Q4. What if a buyer has insufficient tax liability to fully use a transferred credit? (added Oct. 6, 2023)**

A4. The amount of the credit that the electing taxpayer elects to transfer to the eligible entity may exceed the electing taxpayer’s regular tax liability for the taxable year in which the sale occurs, and the excess, if any, is not subject to recapture from the dealer or the buyer.

### **Q5. What information does a registered dealer need to provide a buyer and when? (updated April 15, 2024)**

A5. Not later than the time of sale, the registered dealer must provide the buyer with a written disclosure containing the following information under penalty of perjury:

- The MSRP of the new clean vehicle or the sale price of the previously owned clean vehicle.
- The maximum amount of the credit allowable and any other incentive available for the purchase of such vehicle.
- The amount provided by the dealer to you as a condition of you making the transfer election.
- The modified AGI limitations provided in section 30D(f)(10) (in the case of a new clean vehicle) or section 25E(b)(2) (in the case of a previously owned clean vehicle), as applicable. See [Topic B, FAQ 1](#) and [Topic E, FAQ 1](#).
- For previously owned clean vehicles, certification that:
  - The model year of the vehicle is at least two years prior to the calendar year of sale; and
  - That the transfer is the first transfer of the vehicle since Aug. 16, 2022, to a person other than the person with whom the original use of such vehicle commenced.

Not later than the time of sale, the registered dealer must also provide you a copy of the seller report submitted for the vehicle (See [Topic B, FAQ 9](#) and [Topic D, FAQ 2](#)) and confirmation of the successful submission of the report through [IRS Energy Credits Online](#).

### **Q6. What information do I need to provide to the registered dealer and when? (added Oct. 6, 2023)**

A6. Not later than the time of sale, you must provide the registered dealer with the following:

- Date of the transfer election.
- Your taxpayer identification number.
- A photocopy of your valid, government-issued photo identification document.
- An attestation, that either:
  - Your prior year modified AGI did not exceed the modified AGI limitation, or, if not known, to the best of your knowledge and belief, your prior year modified AGI did not exceed such limitation, or
  - To the best of your knowledge and belief, your current year modified AGI will not exceed the modified AGI limitation. See [Topic B, FAQ 1](#) and [Topic E, FAQ 1](#).
- For new clean vehicles, an attestation that the vehicle will be used predominantly for personal use.
- For previously owned clean vehicles, an attestation (or declaration) that you are a qualified buyer. See [Topic D, FAQ 4](#).



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- An attestation that you will file an income tax return for the taxable year in which the vehicle is placed in service on or before the due date of the return (including extensions), reporting your eligibility for the New Clean Vehicle Credit or Previously Owned Clean Vehicle Credit, as applicable, including the vehicle's VIN, and your election to transfer the credit to the dealer and repaying any credit amounts subject to recapture (if applicable).
- An attestation that you are making this election prior to placing the vehicle in service and this is the first or second transfer election you have made during the taxable year.
- An attestation that in the event you exceed the applicable modified AGI limitations, you will repay the amount received as an addition to tax for the tax year the vehicle was placed in service.
- An attestation that you have voluntarily elected to transfer the credit.

### **Q7. How many transfer elections can I make in a year? (added Oct. 6, 2023)**

A7. You can make no more than two elections to transfer a clean vehicle credit each tax year. Such elections could be for two Clean Vehicle Credits or one Clean Vehicle Credit and one Previously Owned Clean Vehicle Credit but cannot be for two Previously Owned Clean Vehicle Credits. Accordingly, spouses may each transfer no more than two Clean Vehicle Credits each tax year.

### **Q8. Can I transfer part of the credit? (added Oct. 6, 2023)**

A8. No. As a buyer, you must transfer the entire amount of the credit allowable to you to the registered dealer.

### **Q9. When will the transfer election program be in effect? (added Oct. 6, 2023)**

A9. The transfer election program applies to vehicles placed in service after Dec. 31, 2023, and before Dec. 31, 2032.

### **Q10. What if I end up exceeding the modified AGI limitations for the year? (added Oct. 6, 2023)**

A10. If your modified AGI exceeds the limitations for the taxable year, you will be required to repay the amount received for transferring the tax credit as an addition to tax for the tax year the vehicle was placed in service.

### **Q11. If the IRS rejects the seller report submitted by the registered dealer, can I still claim the credit? (updated July 26, 2024)**

A11. No. To claim the New Clean Vehicle Credit or Previously Owned Clean Vehicle Credit, the seller report for the vehicle must be accepted by the IRS. For vehicles placed in service Jan. 1, 2024, or later, the IRS will accept or reject submissions of seller reports in real-time and will notify the dealer in the event of a rejection. Buyers and dealers are strongly encouraged to obtain confirmation of a successfully submitted seller report before finalizing a sale and placing a vehicle in service. Dealers must provide confirmation of an accepted IRS Energy Credits Online seller report submission to buyers.

### **Q12. What benefits may a buyer get in exchange for transferring a clean vehicle credit to a registered dealer? (updated July 26, 2024)**

A12. A dealer can provide a buyer with a financial benefit in cash or in the form of a partial payment or down payment for the purchase of the vehicle, or as a reduction in sale price of the vehicle without the payment of cash. The taxpayer benefits by receiving an immediate financial benefit at the time of sale, rather than having to wait to file a tax return and claim the credit. A buyer that transfers a clean vehicle credit to a registered dealer is required to file a tax return for the year of the transfer to reconcile the transfer of the credit.

### **Q13. Can I change my mind about whether to transfer a tax credit after a sale has been finalized? (added Oct. 6, 2023)**

A13. No. The transfer election is final.

### **Q14. How does a dealer know the IRS will issue an advance payment to the dealer? How quickly will the IRS issue advance payments? (Updated July 26, 2024)**

A14. The IRS will promptly issue advance payments to dealers via direct deposit (ACH) following the successful



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submission of time of sale reports and advance payment requests. Time-of-sale reports are not finalized until after a 48-hour void period during which time a dealer is able to cancel the transaction. After this 48-hour period when the dealer can void the time-of-sale report, the IRS anticipates that deposits will typically occur within 72 business hours of the dealer successfully submitting a time of sale report and advance payment request. In some cases, payments may take longer. Dealers will receive real time online confirmation as to whether an advance request was accepted or rejected.

### **Q15. Are dealers liable for repaying the advance payment if the buyer exceeds the applicable income limits? Are dealers required to verify a buyer's income in order to receive an advance payment? (updated July 26, 2024)**

A15. Dealers are not required to verify a buyer's income for a credit transfer or advance payment and are not required to repay the advance payment if the buyer exceeds the income limits. Dealers are required to disclose information about the applicable income limits to the buyer, who must attest that he or she expects to qualify for the credit. A buyer who transfers a credit must file a federal income tax return with an attached Form 8936 and Schedule A (Form 8936) reporting the transfer of the credit and information regarding whether they met the applicable income limits. A buyer who does not meet the applicable income limits will have to pay back the credit to the IRS when they file their income tax return reporting information about their eligibility for the credit.

### **Q16. Do I have to transfer a tax credit when I am eligible and a dealer asks? (added Oct. 6, 2023)**

A16. No. Registered dealers cannot require that a buyer transfer a tax credit in order to purchase a new or previously owned clean vehicle.

### **Q17. Can I transfer a credit if I will use the vehicle for both personal and business use? (added Oct. 6, 2023)**

A17. You can transfer the New Clean Vehicle Credit only if you intend to use the vehicle predominantly for personal use.

### **Q18. What happens if a vehicle is returned or a sale is cancelled after a credit is transferred? (updated July 26, 2024)**

A18. If a sale is cancelled before the taxpayer places the vehicle in service (that is, before the taxpayer takes possession of the vehicle), the vehicle will still be eligible for a clean vehicle credit upon a subsequent qualifying sale to another taxpayer. In that case, the credit would not yet have been transferred. If the time-of-sale report for the cancelled sale was submitted to the IRS through IRS Energy Credits Online, the time-of-sale report should be voided within the 48-hour void period.

In the case of return of a *new clean vehicle* made within 30 days of placing the vehicle in service, the buyer cannot claim a clean vehicle credit with respect to the vehicle. Such vehicle, once returned, was already placed in service by a taxpayer and a Clean Vehicle Credit for new clean vehicles is not available to a subsequent buyer. See [Topic A, FAQ 12](#) for claim eligibility.

In the case of a return of a *previously owned* clean vehicle, the vehicle, once returned, generally is not eligible upon a subsequent sale. The taxpayer can rely on a vehicle history report as of the date of sale to determine eligibility, but still must obtain a successfully-submitted time-of-sale report to claim the credit See [Topic D, FAQ 12](#) for claim eligibility.

If the taxpayer made an election to transfer the clean vehicle credit for a vehicle that was subsequently returned, that vehicle transfer election is nullified, and any advance payment made pursuant to the clean vehicle credit transfer rules will be recaptured from the eligible entity (registered dealer) as an excessive payment.

### **Q19. How are transferred tax credits treated for tax purposes? (added Oct. 6, 2023)**

A19. For dealers: Advance payments received by the registered dealer are not treated as a tax credit to the dealer and may exceed the dealer's regular tax liability. Advance payments received by the registered dealer are not included in the gross income of the dealer. The payment made by the registered dealer to the buyer in exchange for the transferred credit is not deductible by the dealer. Such payment is treated as repaid by the buyer to the registered dealer as part of the purchase price of the vehicle and therefore is treated as included in the total amount received from the sale transaction.



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For buyers: The payment made by the registered dealer to the buyer in the form of cash, or in the form of a partial payment or down payment for the purchase of the vehicle, or as a reduction in sale price of the vehicle without the payment of cash is not includible in the gross income of the buyer. Such payment made by the registered dealer is treated as an advance payment of the credit to the buyer on behalf of the Secretary of the Treasury and the basis of such vehicle is reduced by the amount of such credit.

### **Q20. Do dealers and buyers need to claim transferred tax credits when filing their tax return? (added Oct. 6, 2023)**

A20. For dealers: No. The exclusive method for dealers to claim transferred tax credits is via the advance payment program through [IRS Energy Credits Online](#).

For buyers: An electing taxpayer must file an income tax return for the taxable year in which the vehicle transfer election is made that notes such election. Specifically, the electing taxpayer must file a Form 1040, U.S. Individual Income Tax Return, and attach a completed Form 8936, Clean Vehicle Credits and Schedule A (Form 8936), Clean Vehicle Credit Amount, or successor form(s), and any other additional forms, schedules or statements prescribed by the Commissioner of the IRS for purposes of making a return to report tax under Chapter 1 of the Internal Revenue Code.

### **Q21. When do buyers need to repay tax credits transferred to the dealer? (added Oct. 6, 2023)**

A21: If you transfer a credit to a registered dealer but exceed the relevant income limitations, you will need to repay the IRS when filing your tax return. Do **not** repay the dealer for a transferred tax credit if you end up not being eligible for the credit upon filing your tax return.

### **Q22. If a buyer uses the New Clean Vehicle Credit as a down payment when they buy a new clean vehicle, can that amount be used to lower the MSRP for purposes of meeting the statutory MSRP limitation and qualifying for the credit? (added July 26, 2024)**

A22. No, a Clean Vehicle Credit does not lower the total MSRP of a vehicle.

Example. MSRP and agreed sale price are \$50,000. The New Clean Vehicle Credit is used as a down payment. The amount due to the seller from the buyer is now \$42,500 (\$50,000-\$7,500). However, the MSRP of the vehicle is still \$50,000 for purposes of the statutory MSRP limitation, which applies in determining eligibility for the credit.

### **Q23. Does a dealer have to offer the buyer the option to transfer the credit to the dealer, or can dealers just leave the credit between the buyer and the IRS? (added July 26, 2024)**

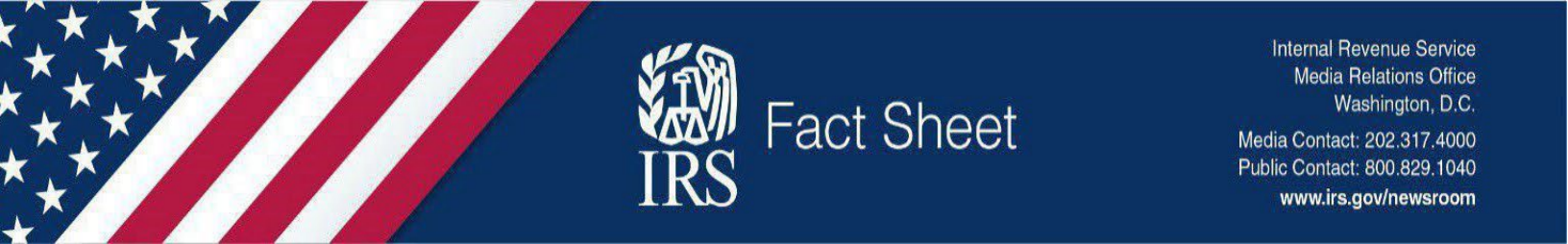
A23. Dealers are not required to offer a credit transfer option, and the buyer can claim the credit on their return. Whether to offer the buyer the option to transfer the credit is a business decision to be made by the dealer. Although the dealer may decide whether or not to register with the IRS to become an eligible entity to receive the advanced payment of the credit, the dealer is required to register with the IRS and report all sales of vehicles qualifying for the credits under section 30D and section 25E to the IRS to enable the buyer to claim the credit, regardless of whether or not the buyer elects to transfer the credit to the dealer.

If the buyer elects to transfer the credit to the dealer, the dealer only acts as a transfer agent. The transferred credit is not income to the dealer when received, and it is not an expense when paid out in the form of cash, or in the form of a partial payment or down payment for the purchase of the vehicle, or as a reduction in sale price of the vehicle without the payment of cash.

### **Q24. I am a dealer and my advance payment registration was rejected. What can I do? (added July 26, 2024)**

A24. Confirm with your bank that you are using the correct ACH routing number. If your banking information changes, if you have a new account number, or if your banking institution was bought out, etc., you must re-register with your new account information promptly to avoid further processing delays. To re-register, click the "resubmit registration" button on the Dealer Registration Form. You will have to first re-register for the time-of-sale reporting by re-inputting all dealer information (e.g., mailing address). Then you will have to re-register for advance payments where you will input your new or corrected bank information.

### **Q25. Is the credit able to be transferred when the buyer and dealer are in different states? (added July 26, 2024)**



A25. Yes. There is no restriction on buyer's location if sold by a state-licensed dealer to an eligible individual for use within the United States.

**Q26. Can customers use the state rebate along with the Federal credit? (added July 26, 2024)**

A26. We can only address the Federal credit. Check with your tax professional for specifics on any state rebate or credit and for the applicable sale price of the vehicle for state tax purposes.

**Q27. What if someone else pays for the vehicle? Who claims the credit, the registered owner, or the payer? (added July 26, 2024)**

A27. The registered owner of the vehicle is the party eligible to claim the credit. The credit will be allowed only on the Federal income tax return of the taxpayer listed in the seller report. Thus, if a minor is listed on the seller report as buying the car, the minor must also be the tax return filer.

[Revenue Procedure 2023-33](#) requires a copy of the electing taxpayer's government issued photo ID, not the ID of who is paying for the vehicle.

Please consult with your tax advisor regarding potential gift tax consequences of such an arrangement.

**Q28. Will buyers have to report anything on their Federal tax return if they use the transferred credit as a down payment on the vehicle, or receive a payment from the dealer in the amount of the credit as cash? (added July 26, 2024)**

A28. Yes. Buyers will need to report the purchase for which they elected to transfer the credit on their federal tax return using Form 8936, Clean Vehicle Credits, and Schedule A (Form 8936) Clean Vehicle Credit Amount. The buyer will need the time-of-sale report from the dealer in order to complete Form 8936.

**Q29. I am a dealer and my advance payment registration still shows that it is pending. How can I get it out of pending status, so I can report sales? (added July 26, 2024)**

A29. Your advance payment registration will show as pending for 15 days, which is the minimum waiting period. There is no option to expedite the advance payment registration process. Once 15 days have passed and you are registered, IRS ECO will then allow you to begin submitting seller reports that include a transfer of credit and advance payment request.

If it has been longer than 15 days and you are still seeing the banner that indicates registration is pending, please let us know by submitting a screen shot to [irs.clean.vehicles.dealer.info@irs.gov](mailto:irs.clean.vehicles.dealer.info@irs.gov). **Even if it has been longer than 15 days, a seller should not submit an inaccurate seller report and/or discount the price of a vehicle in anticipation of receiving an advance payment from the IRS at a later date.** IRS Energy Credits Online provides real-time confirmation about a transaction for dealers, sellers and buyers. Dealers will not have confirmation from the IRS regarding a clean vehicle credit transfer if the seller report is not submitted until after the vehicle is placed-in-service.

**Q30. Is every new and previously owned clean vehicle sale required to be reported even if the buyer chooses not to transfer the credit? (added July 26, 2024)**

A30. Yes, dealers of new clean vehicles and previously owned clean vehicles must meet the seller reporting requirements for those vehicles to be eligible for a credit under sections 30D and 25E. For eligible clean vehicles placed in service on or after January 1, 2024, the dealer must submit all reports through [IRS Energy Credits Online](#) within 3 calendar days of the date of sale. The dealer must also provide the buyer with a copy of the accepted seller report submitted to IRS Energy Credits Online within 3 calendar days of the date of submission. Commercial clean vehicle transactions do not need to be reported to IRS Energy Credits Online.

**Topic I: Registering a dealer/seller: Seller reporting and Clean Vehicle Tax Credit transfers**

**Q1. May a buyer claim the New or Previously Owned Clean Vehicle Tax Credit if the dealer or seller of the vehicle is not registered with the IRS? (added Oct. 6, 2023)**

A1. No. Starting for vehicles placed in service Jan. 1, 2024 or later, buyers will only be able to claim credits if the seller has



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registered with the IRS and successfully submits a seller report through [IRS Energy Credits Online](#). This submission is done at the time of sale through IRS Energy Credits Online, and the seller must provide a copy of the successfully submitted seller report to the buyer.

### **Q2. Who must submit seller reports through IRS Energy Credits Online and who is eligible to participate in the advance payment program? (added Oct. 6, 2023)**

A2. All dealers and sellers must submit seller reports through IRS Energy Credits Online for vehicles placed in service beginning Jan. 1, 2024. Registered dealers that provide required information through IRS Energy Credits Online and are in tax compliance may become eligible to receive payments from the advance payment program once their registration information is verified by the IRS.

### **Q3. Who should complete the initial registration on behalf of the dealer or seller? (added Oct. 6, 2023)**

A3. An individual representative of the dealer or seller who is currently authorized to legally bind the dealer or seller in these matters can complete the initial registration through IRS Energy Credits Online. Starting December 2023, dealers and sellers will be able to authorize more than one employee to make representations on their behalf through IRS Energy Credits Online.

### **Q4. What information is required for dealer registration? (updated July 26, 2024)**

A4. Dealers should be prepared to create a Clean Energy Business Account using general business information (including business EIN, address, phone number and email) and authorize an individual representative of the dealer to access dealer registration. The entity name must match the name shown on the most recent IRS Notice or IRS records. Dealers registering for advance payments will have to provide additional information such as their state license and bank account, detailed on IRS Energy Credits Online.

**Please note:** You are unable to create a Clean Energy Business Account without a business EIN. If you are a sole-proprietorship operating under an SSN or ITIN, you will need to establish a business EIN. Also, for all registered dealers, once your advance payment registration is approved by the IRS, you will not be able to change your bank account information without re-completing the advance payment registration process and being re-approved by the IRS.

### **Q5. Does a dealer need to be state licensed to register? (added Oct. 6, 2023)**

A5. In order to submit seller reports for previously owned clean vehicles or register to receive advance payments, a dealer must be licensed by a state, the District of Columbia, an Indian tribal government or any Alaska Native Corporation to engage in the sale of vehicles. Non-licensed dealers (sellers) must still be registered through IRS Energy Credits Online to submit seller reports.

### **Q6. What is the difference between registering for seller reporting and the advance payment program? (added Oct. 6, 2023)**

A6. A registration to submit seller reports will allow dealers and sellers the ability to submit seller reports through IRS Energy Credits Online when selling eligible vehicles. This does not include the ability to receive advance payments. A registration for the advance payment program grants the dealer the ability to submit seller reports when selling a vehicle **and** submit a request for an advance payment to the IRS. Only licensed dealers may register to receive advance payments.

### **Q7. Is a dealer required to register for both seller reporting and the advance payment program? (added Oct. 6, 2023)**

A7. No. A dealer or seller can be registered to submit seller reports without registering to receive advance payments. However, only licensed dealers can be registered to receive advance payments.

### **Q8. Once a dealer is registered, when can they start to receive advance payments? (added Oct. 6, 2023)**

A8. Buyers may transfer their credit to the dealer, thereby allowing dealers to initiate an advance payment request, beginning Jan. 1, 2024.



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### **Q9. Can a dealer come back into IRS Clean Energy Online and complete its advance payment registration at another time? (added Oct. 6, 2023)**

A9. Yes. A dealer who is registered to submit seller reports will have the ability to continue their registration to receive advance payments at any time.

### **Q10. Is dealer registration separate for used and new vehicle sales? (added Oct. 6, 2023)**

A10. No. Registered dealers may submit seller reports for both new and previously owned clean vehicle sales. Please note, only licensed dealers may submit seller reports for previously owned clean vehicles.

### **Q11. How will the dealer be informed of a registration status update? (added Oct. 6, 2023)**

A11. Registration status updates will be displayed in IRS Energy Credits Online.

### **Q12. If registration fails initially, will the dealer have another opportunity to register? (added Oct. 6, 2023)**

A12. Yes. A dealer may attempt registration again.

### **Q13. Why did my dealership receive a tax compliance error? (updated July 26, 2024)**

A13. A tax compliance error is a result of an overdue tax return, form, and/or unpaid federal tax debt. A dealer will not be able to complete registration for the advance payment program until compliance issues are addressed.

### **Q14. What does my dealership need to do to be in tax compliance? What if my dealership is not in tax compliance? How can my dealership become compliant to participate in the advance payment program? (updated July 26, 2024)**

A14. Dealer tax compliance means that all required federal information and tax returns of the dealer have been filed, including for federal income and employment tax purposes, and all federal tax, penalties and interest due of the dealer as of the time of completing dealer advance payment registration. For federal tax, penalties, and interest amounts owed, a dealer that has entered into an installment agreement for those amounts with the IRS for which a dealer is current on its obligations is treated as being in dealer tax compliance for those amounts.

If the dealer is not in dealer tax compliance for any of the taxable periods during the last five taxable years, then the dealer may complete its initial registration with the IRS, but the dealer will not be eligible for the advance payment program until the compliance issue is resolved. The IRS will notify the dealer that the dealer is not in dealer tax compliance, and the dealer will have the opportunity to address any failure through regular procedures. If the failure is corrected, the IRS will complete the dealer's registration for the advance payment program, and, provided all other requirements are met, the dealer will then be allowed to participate in the advance payment program.

### **Q15. Do qualified manufacturers who are direct sellers need to register? (added Oct. 6, 2023)**

A15. Qualified manufacturers who are direct sellers of vehicles must complete dealer registration in order to submit seller reports and receive an advance payment when a credit is transferred.

### **Q16. How do I edit information within my dealer registration? (added Oct. 6, 2023)**

A16. Contact information, such as phone number or email address, may be edited at any time by clicking into the dealer registration page. To edit any other information, a user must re-register with new information.

### **Q17. Does my dealer registration expire? (added Oct. 6, 2023)**

A17. A dealer registration expires after 10 years.

### **Q18. If my dealership runs into difficulty at any point in the registration process, who should I contact? (added Oct. 6, 2023)**



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A18. Please contact [irs.clean.vehicles.dealer.info@IRS.gov](mailto:irs.clean.vehicles.dealer.info@IRS.gov) with questions.

**Q19. My dealer registration is pending review due to a business activity mismatch because my business also operates in another category and that is my primary business. How do I rectify this? (added July 26, 2024)**

A19. Your registration will undergo a manual review. If we need additional information, we will reach out to you.

**Q20. How long does it take for my dealer registration to be accepted after we submit on the IRS Energy Credit Online portal? Who can I contact to expedite the registration process? (added July 26, 2024)**

A20. Generally, this can take up to 15 days after submitting the dealer registration and bank validation. There is no way to expedite this process. To transfer credits and receive advance payments, the minimum waiting period is 15 days. It is important that you are timely in responding to requests to obtain documentation to verify the bank information in order to reduce the time your advance payment registration is pending.

**Q21. How do we add additional users for clean energy accounts on IRS Energy Credits Online? (added July 26, 2024)**

A21. Please refer to [Publication 5902: Permission Management and Additional Authorization User Guide](#), beginning on page 28, for detailed instructions on adding additional users.

Follow the steps below to request and receive access:

- Each additional user will need an ID.me account. If they do not have one, they must create one.
- The user should then register to request access to their entity's IRS Energy online account at [irs.gov/cvregister](https://irs.gov/cvregister).
- Once you submit the request notify the "super user" or "Clean Energy Officer" to approve your request by visiting the "manage business users" tab of the entity's account.

**Q22. I never received my dealer registration ID. How do I obtain this? (added July 26, 2024)**

A22. Please log in and click on "Dealer Registration Form" for your Dealer Registration ID.

**Q23. Other than the "Success" banner at registration, does the dealer get a confirmation email? If the dealer doesn't catch the "success" banner and log out, will they see the banner when they log back in or will it be gone? (added July 26, 2024)**

A23. A confirmation email will not be sent, and the success banner will be gone after the user logs out. For registration status, please log in and go to your Dealer Registration Form.

**Q24. I am receiving a "Service is Currently Unavailable" error when I attempt to register my entity. The name I am registering begins with "The". What can I do? (added July 26, 2024)**

A24. Entities registering with "The" in front of their name should register without the word "The," unless it is followed by one word. The system may not validate the entity name beginning with "The." Using the word "The" before the entity name could create a "Service is Currently Unavailable" message. Example, The ABC Company, should register as ABC Company. Please see [Using the correct name control in e-filing corporate tax returns](#) for additional information.

**Q25. An employee of the dealership left the company and was the person who set up the account. Should the dealership set up a new account? How can the dealership delete the employee who left the company? (added July 26, 2024)**

A25. Choose with care any employee who will serve as the primary user on the Clean Energy Business Account. When you create a Clean Energy Business account and receive the following message: "You completed the account creation process. You'll have access to your Clean Energy business account once a Clean Energy Officer approves your request," it means a primary user from the company created a Clean Energy Business Account. If the primary user was the only person with access to the account, please reach out to the individual who created the



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account to have them login and approve your account as an additional Clean Energy Officer. The new Clean Energy Officer can then remove the first user's access. See [Publication 5902: Permission Management and Additional Authorization User Guide](#) for instructions on adding and removing users.

Please contact [irs.clean.vehicles.dealer.info@IRS.gov](mailto:irs.clean.vehicles.dealer.info@IRS.gov) with questions.

### **Q26. Are dealers required to report anything if they had no qualifying sales? (added July 26, 2024)**

A26. Only qualifying sales for sales of new or previously owned clean vehicles should be reported.

### **Q27. If the dealer does not have the buyer's social security number (SSN), should the dealer leave that field blank or not list that sale? What if a buyer refuses to provide their SSN? (added July 26, 2024)**

A27. The Federal statute requires the buyer to provide their tax identification number (TIN) in order to be eligible for the credit. Additionally, dealers are required to report qualifying sales for a buyer to be eligible to claim the credit. If the dealer does not have the buyer's TIN information, the dealer will have to obtain it from the buyer. If this information isn't provided, the buyer may not elect to transfer the credit and will be ineligible to claim a tax credit for that vehicle on their tax return.

### **Q28. Will the buyer qualify for the credit with an individual taxpayer identification number (ITIN)? (added July 26, 2024)**

A28. Yes, individuals with active ITINs are eligible buyers. Additional information can be found at [ITIN expiration FAQs | Internal Revenue Service \(irs.gov\)](#).

### **Q29. When a dealer inputs the vehicle's VIN, what does the portal check that might impact eligibility? (added July 26, 2024)**

A29. IRS Energy Credits Online provides real-time confirmation of a vehicle's eligibility using VINs provided by manufacturers. If the VIN doesn't qualify, the dealer will receive an error message that the vehicle is not eligible for the credit and that the dealer needs to contact the manufacturer for additional information.

### **Q30. We have multiple dealers registered in IRS Energy Credit Online. One dealer has been unable to successfully register. Can we use one of our successfully registered dealers to submit seller reports? (added July 26, 2024)**

A30. Yes. If a dealer that has not yet successfully registered transfers the vehicle prior to the time of sale to one of the registered dealers so that the registered dealer completes the sale to the buyer, the registered dealer may submit the seller report.

## **Topic J: Seller report information for buyers of New and Previously Owned Clean Vehicle Tax Credits beginning in 2024**

### **Q1. What must a buyer of a clean vehicle provide a seller in order to purchase a new clean vehicle or previously owned clean vehicle and claim the applicable tax credit on their tax return? (added Oct. 6, 2023)**

A1. The buyer must provide the seller information necessary, including name, taxpayer identification number (which may be a Social Security number) and valid identification for the seller to successfully submit a seller report to the IRS. See [Topic H, FAQ 6](#).

### **Q2. How can a buyer confirm that they will be able to claim a tax credit for a new or previously owned clean vehicle? (added Oct. 6, 2023)**

A2. For vehicles placed in service Jan. 1, 2024, or after, sellers will submit seller reports electronically to the IRS. The IRS's acceptance of this seller report means a qualified manufacturer has submitted the VIN listed in the seller report to the IRS as an eligible vehicle. See [Topic I, FAQ 29](#). For previously owned clean vehicles, sellers will also provide the sale price (which must be \$25,000 or less) and review vehicle history reports in making attestations regarding the vehicle's eligibility. Eligible buyers can rely on a seller report that a seller has submitted electronically to the IRS, that the IRS has accepted, and that the seller has provided to the buyer, as confirmation that the vehicle is eligible. The buyer



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must still meet eligibility requirements, which are described in elsewhere in these FAQs, to claim the credit or to transfer the credit to a dealer. In addition to receiving a time-of-sale report from a dealer, buyers are advised to obtain a copy of the vehicle history report as of the date the vehicle is placed in service for their records.

For more eligibility information, please see the IRS [New Clean Vehicle Checklist](#) and [Previously Owned Clean Vehicle Checklist](#).

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