

This does not constitute tax advice. All persons considering use of available incentives should consult with their own tax professional to determine eligibility, specific amount of benefit available, if any, and further details.

## STATE OF UTAH

# Income Tax Credit for Electric Vehicle Purchase

**Short Description:** Non-refundable income tax credit of \$0 - \$605 for purchase of a new electric vehicle titled in the State of Utah. This benefit is scheduled to expire December 31, 2013.

**Beneficiary:** Purchaser of properly licensed electric vehicle

**Type of Incentive:** Income tax credit, claimed on Form TC-40A

**Effective Dates:** Current benefit scheduled to expire December 31, 2013

**Value of Benefit:** \$0 - \$605. The credit is claimed by the purchaser on Utah Form TC-40A in Part 4. The amount is then transferred to Utah Form TC-40, Line 26.

### **Full Description:**

The State of Utah allows an income tax credit for vehicles purchased on or after January 1, 2009 but on or before December 31, 2013, in an amount equal to: \$605 for the original purchase of an alternative fuel vehicle that is not fueled by compressed natural gas if the vehicle is registered in Utah (59-10-2009(2)(a)). Electric vehicles qualify under this category. The tax credit is allowed only in the taxable year in which the item is purchased for which the tax credit is claimed, and once per vehicle. If the credit exceeds the liability, it can be carried forward for the next five taxable years to offset tax liability (59-10-2009(5)). The credit is also eligible for businesses against corporate franchise or income tax (59-7-605(2)).

### **State Statutory references:**

Utah Statute 59-10-1009

- [http://le.utah.gov/~code/TITLE59/htm/59\\_10\\_100900.htm](http://le.utah.gov/~code/TITLE59/htm/59_10_100900.htm) (reproduced below)

### **Other Link(s):**

- <http://www.afdc.energy.gov/afdc/laws/law/UT/4758> (AFDC website)

**Contact Info:** Utah State Tax Commission: 1-800-662-4335

Title/Chapter/Section:

[Search Code by Key Word](#)[<< Previous Section \(59-10-1007\)](#)[Next Section \(59-10-1010\) >>](#)[Utah  
Code](#)[Title 59](#) Revenue and Taxation[Chapter  
10](#) Individual Income Tax ActSection  
1009 Definitions -- Cleaner burning fuels tax credit.**59-10-1009. Definitions -- Cleaner burning fuels tax credit.**

(1) As used in this section:

(a) "Air quality standards" means that a vehicle's emissions are equal to or cleaner than the standards established in:

(i) bin 2 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6); or

(ii) for a new qualified plug-in electric drive motor vehicle, as defined in Section 30D, Internal Revenue Code, bin 4 in Table S04-1, of 40 C.F.R. 86.1811-04(c)(6).

(b) "Board" means the Air Quality Board created in Title 19, Chapter 2, Air Conservation Act.

(c) "Certified by the board" means that:

(i) a motor vehicle on which conversion equipment has been installed meets the following criteria:

(A) before the installation of conversion equipment, the vehicle does not exceed the emission cut points for a transient test driving cycle, as specified in 40 C.F.R. Part 51, Appendix E to Subpart S, or an equivalent test for the make, model, and year of the vehicle;

(B) the motor vehicle's emissions of regulated pollutants, when operating on fuels listed in Subsection (2)(c)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

(C) a reduction in emissions under Subsection (1)(c)(i)(B) is demonstrated by:

(I) certification of the conversion equipment by the federal Environmental Protection Agency or by a state whose certification standards are recognized by the board;

(II) testing the motor vehicle, before and after installation of the conversion equipment, in accordance with 40 C.F.R. Part 86, Control Emissions from New and In-use Highway Vehicles and Engines, using all fuels the motor vehicle is capable of using; or

(III) any other test or standard recognized by board rule, which may not include a retrofit compressed natural gas vehicle that is retrofit in accordance with Section [19-1-406](#), unless that motor vehicle also satisfies Subsection (1)(c)(i)(C)(I); or

(ii) special mobile equipment on which conversion equipment has been installed meets the following criteria:

(A) the special mobile equipment's emissions of regulated pollutants, when operating on fuels listed in Subsection (2)(c)(i) or (ii), is less than the emissions were before the installation of conversion equipment; and

(B) a reduction in emissions under Subsection (1)(c)(ii)(A) is demonstrated by:

(I) certification of the conversion equipment by the federal Environmental Protection Agency or by a state whose certification standards are recognized by the board; or

(II) any other test or standard recognized by the board.

(d) "Clean fuel grant" means a grant a claimant, estate, or trust receives under Title 19, Chapter 1, Part 4, Clean Fuels and Vehicle Technology Program Act, for reimbursement of a portion of the incremental cost of the OEM vehicle or the cost of conversion equipment.

(e) "Conversion equipment" means equipment referred to in Subsection (2)(c) or (d).

(f) "Fuel economy standards" means that a vehicle's combined fuel economy, as determined in 40 C.F.R. 600.209-95(d) is equal to or greater than:

(i) 31 miles per gallon for gasoline-fueled vehicles;

(ii) 36 miles per gallon for diesel-fueled vehicles;

(iii) 19 miles per gallon for vehicles fueled by a blend of 85% ethanol and 15% gasoline;

(iv) 19 miles per gallon for liquified petroleum gas-fueled vehicles; or

(v) standards consistent with 40 C.F.R. 600.209-95(d) that are adopted by the Air Quality Board by rule.

(g) "Incremental cost" has the same meaning as in Section [19-1-402](#).

- (h) "OEM vehicle" has the same meaning as in Section [19-1-402](#).
- (i) "Original purchase" means the purchase of a vehicle that has never been titled or registered and has been driven less than 7,500 miles.
- (j) "Special mobile equipment":
- (i) means any mobile equipment or vehicle not designed or used primarily for the transportation of persons or property; and
- (ii) includes construction or maintenance equipment.
- (2) For taxable years beginning on or after January 1, 2009, but beginning on or before December 31, 2013, a claimant, estate, or trust may claim a nonrefundable tax credit against tax otherwise due under this chapter in an amount equal to:
- (a) \$605 for the original purchase of a new vehicle that is not fueled by compressed natural gas if the vehicle is registered in Utah and meets air quality standards and fuel economy standards;
- (b) for the purchase of a vehicle fueled by compressed natural gas that is registered in Utah, the lesser of:
- (i) \$2,500; or
- (ii) 35% of the purchase price of the vehicle;
- (c) 50% of the cost of equipment for conversion, if certified by the board, of a motor vehicle registered in Utah minus the amount of any clean fuel conversion grant received, up to a maximum tax credit of \$2,500 per vehicle, if the motor vehicle:
- (i) is to be fueled by propane, natural gas, or electricity;
- (ii) is to be fueled by other fuel the board determines annually on or before July 1 to be at least as effective in reducing air pollution as fuels under Subsection (2)(c)(i); or
- (iii) will meet the federal clean fuel vehicle standards in the federal Clean Air Act Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.; and
- (d) 50% of the cost of equipment for conversion, if certified by the board, of a special mobile equipment engine minus the amount of any clean fuel conversion grant received, up to a maximum tax credit of \$1,000 per special mobile equipment engine, if the special mobile equipment is to be fueled by:
- (i) propane, natural gas, or electricity; or
- (ii) other fuel the board determines annually on or before July 1 to be:
- (A) at least as effective in reducing air pollution as the fuels under Subsection (2)(d)(i); or
- (B) substantially more effective in reducing air pollution than the fuel for which the engine was originally designed.
- (3) A claimant, estate, or trust shall provide proof of the purchase of an item for which a tax credit is allowed under this section by:
- (a) providing proof to the board in the form the board requires by rule;
- (b) receiving a written statement from the board acknowledging receipt of the proof; and
- (c) retaining the written statement described in Subsection (3)(b).
- (4) Except as provided by Subsection (5), the tax credit under this section is allowed only:
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- (a) against any Utah tax owed in the taxable year by the claimant, estate, or trust;
- (b) in the taxable year in which the item is purchased for which the tax credit is claimed; and
- (c) once per vehicle.
- (5) If the amount of a tax credit claimed by a claimant, estate, or trust under this section exceeds the claimant's, estate's, or trust's tax liability under this chapter for a taxable year, the amount of the tax credit exceeding the tax liability may be carried forward for a period that does not exceed the next five taxable years.
- (6) The tax credit provided by this section may be taken only once per vehicle.

Amended by Chapter 358, 2011 General Session

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[<< Previous Section \(59-10-1007\)](#)

[Next Section \(59-10-1010\) >>](#)

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# Continued - Income Tax Supplemental Schedule

Your last name

Your social security number

**Part 5 - Refundable Credits** (write the code and amount of each refundable credit, see page 19)

Code	Code	Code	Amount
39 Renewable commercial energy systems credit	47 Agricultural off-highway gas/undyed diesel	● _____	_____ .00
40 Targeted business tax credit	48 Farm operation hand tools	● _____	_____ .00
41 Special needs adoption credit		● _____	_____ .00
		● _____	_____ .00
		● _____	_____ .00
Total refundable credits (add all refundable credits and enter total here and on TC-40, line 38)			_____ .00

**Submit this page ONLY if data entered**  
**Attach completed schedule to your 2011 Utah Income Tax return**