

FEDERAL

Alternative Fuel Vehicle Refueling Property Credit

Short Description: An income tax credit equal to 50% of the cost of electric vehicle recharging equipment capped at \$2,000 for individuals and \$50,000 for businesses

Beneficiary: The party who places the equipment in service.

Type of Incentive: Non-refundable Income Tax Credit

Effective Dates: Current benefit, expires 12/31/2010.

Value of Benefit: An Income Tax Credit of up to \$2,000 for an individual and up to \$50,000 for a business. The credit is computed and claimed on Federal Form 8911.

Full Description:

A tax credit is allowed equal to 50% of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year. The cost will include certain installation costs. This credit may not exceed \$50,000 for property subject to an allowance for depreciation and \$2,000 for any other property. This credit is not refundable and will expire on 12/31/2010.

Qualified Alternative Fuel Vehicle Refueling Property is defined as property that is originally used by the taxpayer for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle, or for the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged. For an individual, the equipment must be installed at the individual's principal residence.

State Statutory references:

- IRC 30C
 - http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000030---C000-.html
- IRC 179A
 - http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000179---A000-.html

Other Link(s):

- <http://www.afdc.energy.gov/afdc/laws/law/US/351> (AFDC Website)

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Chapter 1 NORMAL TAXES AND SURTAXES §§1-1400U-3

Subchapter A Determination of Tax Liability §§1-59B

Part IV CREDITS AGAINST TAX §§21-54AA

Subpart B Other Credits §§27-30D

§30C Alternative fuel vehicle refueling property credit.

Internal Revenue Code**§ 30C Alternative fuel vehicle refueling property credit.**

(a) Credit allowed.

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

(b) Limitation.

The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed—

(1) \$30,000 in the case of a property of a character subject to an allowance for depreciation, and

(2) \$1,000 in any other case.

(c) Qualified alternative fuel vehicle refueling property.

For purposes of this section, the term “qualified alternative fuel vehicle refueling property” has the same meaning as the term “qualified clean-fuel vehicle refueling property” would have under section 179A if—

(1) paragraph (1) of section 179A(d) did not apply to property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, and

(2) only the following were treated as clean-burning fuels for purposes of section 179A (d) :

(A) Any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen.

(B) Any mixture—

(i) which consists of two or more of the following: biodiesel (as defined in section 40A(d)(1)), diesel fuel (as defined in section 4083(a)(3)), or kerosene, and

(ii) at least 20 percent of the volume of which consists of biodiesel (as so defined) determined without regard to any kerosene in such mixture.

(C) Electricity.

(d) Application with other credits.

(1) Business credit treated as part of general business credit.

So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

(2) Personal credit.

The credit allowed under subsection (a) (after the application of paragraph (1)) for any taxable year shall not exceed the excess (if any) of—

(A) the regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under subpart A and section 27 , over

(B) the tentative minimum tax for the taxable year.

(e) Special rules.

For purposes of this section —

(1) Basis reduction.

The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a) .

(2) Property used by tax-exempt entity.

In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)). For purposes of subsection (d) , property to which this paragraph applies shall be treated as of a character subject to an allowance for depreciation.

(3) Property used outside United States not qualified.

No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179 .

(4) Election not to take credit.

No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

(5) Recapture rules.

Rules similar to the rules of section 179A(e)(4) shall apply.

(6) Special rule for property placed in service during 2009 and 2010.

In the case of property placed in service in taxable years beginning after December 31, 2008, and before January 1, 2011—

(A) in the case of any such property which does not relate to hydrogen—

(i) subsection (a) shall be applied by substituting “50 percent” for “30 percent”,

(ii) subsection (b)(1) shall be applied by substituting “\$50,000” for “\$30,000”, and

(iii) subsection (b)(2) shall be applied by substituting “\$2,000” for “\$1,000”, and

(B) in the case of any such property which relates to hydrogen, subsection (b)(1) shall be applied by substituting “\$200,000” for “\$30,000”.

(f) Regulations.

The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section .

(g) Termination.

This section shall not apply to any property placed in service—

(1) in the case of property relating to hydrogen, after December 31, 2014, and

(2) in the case of any other property, after December 31, 2010.

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Use this section only for the definition of Qualified Clean-Fuel Vehicle Refueling Property (subsection (d)) as the benefit under this statute has expired.

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Part VI ITEMIZED DEDUCTIONS FOR INDIVIDUALS AND CORPORATIONS §§161-199

§179A Deduction for clean-fuel vehicles and certain refueling property.

Internal Revenue Code

§ 179A Deduction for clean-fuel vehicles and certain refueling property.

(a) Allowance of deduction.

(1) In general.

There shall be allowed as a deduction an amount equal to the cost of—

- (A) any qualified clean-fuel vehicle property, and
- (B) any qualified clean-fuel vehicle refueling property.

The deduction under the preceding sentence with respect to any property shall be allowed for the taxable year in which such property is placed in service.

(2) Incremental cost for certain vehicles.

If a vehicle may be propelled by both a clean-burning fuel and any other fuel, only the incremental cost of permitting the use of the clean-burning fuel shall be taken into account.

(b) Limitations.

(1) Qualified clean-fuel vehicle property.

(A) In general. The cost which may be taken into account under subsection (a)(1)(A) with respect to any motor vehicle shall not exceed—

- (i) in the case of a motor vehicle not described in clause (ii) or (iii) , \$2,000,
- (ii) in the case of any truck or van with a gross vehicle weight rating greater than 10,000 pounds but not greater than 26,000 pounds, \$5,000, or
- (iii) \$50,000 in the case of—

(I) a truck or van with a gross vehicle weight rating greater than 26,000 pounds, or

Use this section only for the definition of Qualified Clean-Fuel Vehicle Refueling Property (subsection (d)) as the benefit under this statute has expired.

(II) any bus which has a seating capacity of at least 20 adults (not including the driver).

(B) Phaseout. In the case of any qualified clean-fuel vehicle property placed in service after December 31, 2005, the limit otherwise allowable under subparagraph (A) shall be reduced by 75 percent.

(2) Qualified clean-fuel vehicle refueling property.

(A) In general. The aggregate cost which may be taken into account under subsection (a)(1)(B) with respect to qualified clean-fuel vehicle refueling property placed in service during the taxable year at a location shall not exceed the excess (if any) of—

(i) \$100,000, over

(ii) the aggregate amount taken into account under subsection (a)(1)(B) by the taxpayer (or any related person or predecessor) with respect to property placed in service at such location for all preceding taxable years.

(B) Related person. For purposes of this paragraph, a person shall be treated as related to another person if such person bears a relationship to such other person described in section 267(b) or 707(b)(1).

(C) Election. If the limitation under subparagraph (A) applies for any taxable year, the taxpayer shall, on the return of tax for such taxable year, specify the items of property (and the portion of costs of such property) which are to be taken into account under subsection (a)(1)(B).

(c) Qualified clean-fuel vehicle property defined.

For purposes of this section —

(1) In general.

The term “qualified clean-fuel vehicle property” means property which is acquired for use by the taxpayer and not for resale, the original use of which commences with the taxpayer, with respect to which the environmental standards of paragraph (2) are met, and which is described in either of the following subparagraphs:

(A) Retrofit parts and components. Any property installed on a motor vehicle which is propelled by a fuel which is not a clean-burning fuel for purposes of permitting such vehicle to be propelled by a clean-burning fuel—

(i) if the property is an engine (or modification thereof) which may use a clean-burning fuel, or

(ii) to the extent the property is used in the storage or delivery to the engine of such fuel, or the exhaust of gases from combustion of such fuel.

(B) Original equipment manufacturer's vehicles. A motor vehicle produced by an original equipment manufacturer and designed so that the vehicle may be propelled by a clean-burning fuel, but only to the extent of the portion of the basis of such vehicle which is attributable to an engine which may use such fuel, to the storage or delivery to the engine of such fuel, or to the exhaust of gases from combustion of such fuel.

Use this section only for the definition of Qualified Clean-Fuel Vehicle Refueling Property (subsection (d)) as the benefit under this statute has expired.

(2) Environmental standards.

Property shall not be treated as qualified clean-fuel vehicle property unless—

(A) the motor vehicle of which it is a part meets any applicable Federal or State emissions standards with respect to each fuel by which such vehicle is designed to be propelled, or

(B) in the case of property described in paragraph (1)(A), such property meets applicable Federal and State emissions-related certification, testing, and warranty requirements.

(3) Exception for qualified electric vehicles.

The term “qualified clean-fuel vehicle property” does not include any qualified electric vehicle (as defined in section 30(c)).

(d) Qualified clean-fuel vehicle refueling property defined.

For purposes of this section, the term “qualified clean-fuel vehicle refueling property” means any property (not including a building and its structural components) if—

(1) such property is of a character subject to the allowance for depreciation,

(2) the original use of such property begins with the taxpayer, and

(3) such property is—

(A) for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle, or

(B) for the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged.

(e) Other definitions and special rules.

For purposes of this section —

(1) Clean-burning fuel.

The term “clean-burning fuel” means—

(A) natural gas,

(B) liquefied natural gas,

(C) liquefied petroleum gas,

(D) hydrogen,

(E) electricity, and

(F) any other fuel at least 85 percent of which is 1 or more of the following: methanol, ethanol, any other alcohol, or ether.

(2) Motor vehicle.

The term “motor vehicle” means any vehicle which is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and which has at least 4 wheels.

Use this section only for the definition of Qualified Clean-Fuel Vehicle Refueling Property (subsection (d)) as the benefit under this statute has expired.

(3) Cost of retrofit parts includes cost of installation.

The cost of any qualified clean-fuel vehicle property referred to in subsection (c)(1)(A) shall include the cost of the original installation of such property.

(4) Recapture.

The Secretary shall, by regulations, provide for recapturing the benefit of any deduction allowable under subsection (a) with respect to any property which ceases to be property eligible for such deduction.

(5) Property used outside United States, etc., not qualified.

No deduction shall be allowed under subsection (a) with respect to any property referred to in section 50(b) or with respect to the portion of the cost of any property taken into account under section 179 .

(6) Basis reduction.

(A) In general. For purposes of this title, the basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a) .

(B) Ordinary income recapture. For purposes of section 1245 , the amount of the deduction allowable under subsection (a) with respect to any property which is of a character subject to the allowance for depreciation shall be treated as a deduction allowed for depreciation under section 167 .

(f) Termination.

This section shall not apply to any property placed in service after December 31, 2005.

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Form **8911**

Department of the Treasury
Internal Revenue Service

Alternative Fuel Vehicle Refueling Property Credit

▶ Attach to your tax return.

OMB No. 1545-1981

2009
Attachment
Sequence No. **151**

Name(s) shown on return

Identifying number

Part I Total Cost of Refueling Property

		(a) Hydrogen Refueling Property	(b) Other Refueling Property
1	Total cost of qualified alternative fuel vehicle refueling property placed in service during the tax year		
		1	

Part II Credit for Business/Investment Use Part of Refueling Property

2	Business/investment use part (see instructions)	2		
3	Section 179 expense deduction (see instructions)	3		
4	Subtract line 3 from line 2	4		
5	Applicable credit rate decimal amount	5	.30	.50
6	Multiply line 4 by the applicable decimal amount on line 5	6		
7	Maximum business/investment use part of credit (see instructions)	7		
8	Enter the smaller of line 6 or line 7.	8		
9	Add columns (a) and (b) on line 8			9
10	Alternative fuel vehicle refueling property credit from partnerships and S corporations.			10
11	Business/investment use part of credit. Add lines 9 and 10. Partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1s			11

Part III Credit for Personal Use Part of Refueling Property

12	Subtract line 2 from line 1. If zero, stop here; do not file this form unless you are claiming a credit on line 11	12		
13	Applicable credit rate decimal amount	13	.30	.50
14	Multiply line 12 by the applicable decimal amount on line 13	14		
15	Maximum personal use part of credit (see instructions)	15		
16	Enter the smaller of line 14 or line 15	16		
17	Add columns (a) and (b) on line 16.			17
18	Regular tax before credits: <ul style="list-style-type: none"> • Individuals. Enter the amount from Form 1040, line 44 (or Form 1040NR, line 41) } • Other filers. Enter the regular tax before credits from your return } 			18
19	Credits that reduce regular tax before the alternative fuel vehicle refueling property credit:			
a	Foreign tax credit	19a		
b	Personal credits from Form 1040 or 1040NR (see instructions)	19b		
c	Non-business qualified electric vehicle credit from Form 8834, line 29	19c		
d	Add lines 19a through 19c			19d
20	Net regular tax. Subtract line 19d from line 18. If zero or less, stop here; do not file this form unless you are claiming a credit on line 11			20
21	Tentative minimum tax (see instructions): <ul style="list-style-type: none"> • Individuals. Enter the amount from Form 6251, line 34 } • Other filers. Enter the tentative minimum tax from your alternative minimum tax form or schedule } 			21
22	Subtract line 21 from line 20. If zero or less, stop here; do not file this form unless you are claiming a credit on line 11			22
23	Personal use part of credit. Enter the smaller of line 17 or line 22 here and on Form 1040, line 53; Form 1040NR, line 49; or the appropriate line of your return. If line 22 is smaller than line 17, see instructions			23

For Paperwork Reduction Act Notice, see instructions.

Form **8911** (2009)