

FEDERAL

New Qualified Plug-In Electric Drive Motor Vehicles

Short Description: An income tax credit of zero to \$7,500 for the purchase of a new qualified plug-in electric drive motor vehicle.

Beneficiary: The party placing the vehicle in service which is typically the purchaser in a sale transaction or the lessor in a lease transaction. Not a lessee in a lease transaction.

Type of Incentive: Non-refundable Income Tax Credit

Effective Dates: Current benefit

Value of Benefit: An Income Tax Credit of up to \$7,500. The credit is computed and claimed on Federal Form 8936.

Full Description:

A tax credit of up to \$7,500 is allowed for the purchase of a new qualified plug-in electric drive motor vehicle that is placed in service in the US. The Nissan Leaf is a qualified plug-in electric drive motor vehicle. A New Plug-In Electric Drive Motor Vehicle means a vehicle that's original use begins with the taxpayer and is acquired for use or lease by the taxpayer, not resale.

State Statutory references:

- IRC 30D
 - http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000030---D000-.html IRC 179A

Other Link(s):

- <http://www.afdc.energy.gov/afdc/laws/law/US/409> (AFDC Website)

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§30D New qualified plug-in electric drive motor vehicles. [effective for vehicles acquired after 12/31/2009]

Internal Revenue Code**§ 30D New qualified plug-in electric drive motor vehicles.
[effective for vehicles acquired after 12/31/2009]**

(a) Allowance of credit.

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

(b) Per vehicle dollar limitation.**(1) In general.**

The amount determined under this subsection with respect to any new qualified plug-in electric drive motor vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

(2) Base amount.

The amount determined under this paragraph is \$2,500.

(3) Battery capacity.

In the case of a vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is \$417, plus \$417 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed \$5,000.

(c) 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.

(A) In general. For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as

a credit allowable under subpart A for such taxable year.

(B) Limitation based on amount of tax. In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55 , over

(ii) the sum of the credits allowable under subpart A (other than this section and section 25D) and section 27 for the taxable year.

(d) New qualified plug-in electric drive motor vehicle.

For purposes of this section—

(1) In general.

The term “new qualified plug-in electric drive motor vehicle” means a motor vehicle—

(A) the original use of which commences with the taxpayer,

(B) which is acquired for use or lease by the taxpayer and not for resale,

(C) which is made by a manufacturer,

(D) which is treated as a motor vehicle for purposes of title II of the Clean Air Act,

(E) which has a gross vehicle weight rating of less than 14,000 pounds, and

(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

(i) has a capacity of not less than 4 kilowatt hours, and

(ii) is capable of being recharged from an external source of electricity.

(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.

(3) Manufacturer.

The term “manufacturer” has the meaning given such term in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

(4) Battery capacity.

The term “capacity” means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

(e) Limitation on number of new qualified plug-in electric drive motor vehicles eligible for credit.

(1) In general.

In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout

period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

(2) Phaseout period.

For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of new qualified plug-in electric drive motor vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after December 31, 2009, is at least 200,000.

(3) Applicable percentage.

For purposes of paragraph (1) , the applicable percentage is—

- (A) 50 percent for the first 2 calendar quarters of the phaseout period,
- (B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and
- (C) 0 percent for each calendar quarter thereafter.

(4) Controlled groups.

Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

(f) Special rules.

(1) Basis reduction.

For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

(2) No double benefit.

The amount of any deduction or other credit allowable under this chapter for a new qualified plug-in electric drive motor vehicle shall be reduced by the amount of credit allowed under subsection (a) for such vehicle.

(3) Property used by tax-exempt entity.

In the case of a vehicle 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 vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle 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 vehicle (determined without regard to subsection (c)).

(4) 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) .

(5) Recapture.

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

(6) Election not to take credit.

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

(7) Interaction with air quality and motor vehicle safety standards.

A motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49 , United States Code.

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Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

Name(s) shown on return

Identifying number

Part I Tentative Credit

Use a separate column for each vehicle. If you need more columns, use additional Forms 8936 and include the totals on lines 6 and 10.

		(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3
1	Year, make, and model of vehicle			
2	Enter date vehicle was placed in service (MM/DD/YYYY)			
3	Tentative credit (see instructions for amount to enter)			

Next: If you did NOT use your vehicle for business or investment purposes and did not have a credit from a partnership or S corporation, skip Part II and go to Part III. All others, go to Part II.

Part II Credit for Business/Investment Use Part of Vehicle

4	Business/investment use percentage (see instructions)		%		%		%
5	Multiply line 3 by line 4						
6	Add columns (a) through (c) on line 5						
7	Qualified plug-in electric drive motor vehicle credit from partnerships and S corporations						
8	Business/investment use part of credit. Add lines 6 and 7. Partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1y						

Part III Credit for Personal Use Part of Vehicle

9	If you skipped Part II, enter the amount from line 3. If you completed Part II, subtract line 5 from line 3		0.00		0.00		0.00
10	Add columns (a) through (c) on line 9						0.00
11	Enter the amount from Form 1040, line 46, or Form 1040NR, line 43						
12	Enter the total, if any, of your credits from Form 1040, lines 47 through 50 (or Form 1040NR, lines 44 through 46); Form 5695, line 11; Form 8834, line 22; Form 8910, line 21; and Schedule R, line 24						
13	Subtract line 12 from line 11						0.00
14	Personal use part of credit. Enter the smaller of line 10 or line 13 here and on Form 1040, line 53, or Form 1040NR, line 49. Check box c on that line and enter "8936" in the space next to that box. If line 13 is smaller than line 10, see instructions						0.00

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