

Electric Vehicle Credit

Cross References

- Notice 2019-22
- IRC §30D

IRC section 30D provides for a credit for certain new qualified plug-in electric drive motor vehicles. The vehicle must be a new vehicle that is purchased for use or lease in the United States. The base amount of the credit is \$2,500. The credit is increased by \$417 for each kilowatt hour of battery capacity in excess of 5 kilowatt hours, limited to \$5,000. Thus, the maximum credit for the purchase or lease of a new electric powered vehicle is \$7,500.

The credit begins to phase out in the second calendar quarter after the calendar quarter in which at least 200,000 of a manufacturer's vehicles that qualify for the credit have been sold. Taxpayers purchasing the manufacturer's vehicles during the first two calendar quarters of the phase-out period may claim 50% of the credit, and 25% of the credit during the third and fourth calendar quarter. After the last day of the fourth calendar quarter of the phase-out period, the credit is zero. The IRS issues a Notice when a particular make and model of an electric vehicle reaches 200,000 in total sales and thus begins to be subject to the phase-out period.

The IRS has announced that General Motors, LLC, (GM) has cumulative sales of qualified electric vehicles that have reached the 200,000 limit during the calendar quarter ending December 31, 2018. Accordingly, GM electric vehicles sold after April 1, 2019 are subject to the credit phase-out. The following chart identifies the amount of credit available for the purchase of a new GM electric vehicle depending upon its purchase date.

Qualifying Vehicle	Full credit: purchased before 4/1/2019	50% of credit: purchased from 4/1/2019 through 9/30/2019	25% of credit: purchased from 10/1/2019 through 3/31/2020	No credit: purchased after 3/31/2020
Chevrolet Volt 2011 – 2019	\$7,500	\$3,750	\$1,875	\$0
Chevrolet Spark EV 2014 – 2016	\$7,500	\$3,750	\$1,875	\$0
Chevrolet Bolt 2017 – 2019	\$7,500	\$3,750	\$1,875	\$0
Cadillac ELR 2014, 2016	\$7,500	\$3,750	\$1,875	\$0