

House Proposed Changes to Plug-In Electric Drive Vehicle Credit IRC 30D

Proposed Change	Effective	Notes / Potential Impact
Current non-refundable tax credit becomes refundable.	Jan 1, 2022	If taxpayer owes the IRS less than the amount of the EV tax credit, the IRS will reduce the owed taxes to zero and pay the remaining amount of the credit.
Manufacturer sales cap phaseout at 200,000 EVs sold is eliminated.	Jan 1, 2022	Purchase or lease of a GM or Tesla qualifying EV once again are eligible for a tax credit.
Amount of credit is reduced by \$200 for each \$1,000 (or fraction thereof) by which the taxpayer's modified AGI exceeds the threshold amount.	Jan 1, 2022	AGI thresholds: \$500,000: Joint returns or surviving spouse, \$375,000: Head of household, \$250,000: Any other case. Shall not exceed 1 per taxpayer per taxable year.
No credit for EVs with a MSRP in excess of the applicable limitation. Tax credit cannot exceed 50% of purchase price.	Jan 1, 2022	MSRP limits are: Vans: \$80,000, SUVs: \$80,000, Pickup Trucks: \$80,000., Other: \$55,000.
Current tax credit formula is replaced with base credit amount of \$4,000. EVs must have a battery of at least 10 kWh.	Jan 1, 2022	5 PHEVs would not meet this threshold: Toyota Prius Prime, Subaru Crosstrek Hybrid, Hyundai IONIQ, Kia Niro PHEV, Ferrari SF90 Stradale (which exceeds MRSP cap anyway).
Additional tax credit amount of \$3,500 for EVs with a battery of 40 kWh or more.	Jan 1, 2022	4 BEVs available in 2021 or 2022 would not meet the 40 kWh threshold: Hyundai IONIQ EV, Mini Cooper EV, Mazda MX-30, and Kandi K27.
EVs which satisfy the domestic assembly qualifications would receive an additional credit amount of \$4,500.	Jan 1, 2022	Final assembly must occur at a plant, factory, or other place which is operating under a collective bargaining agreement negotiated by an employee organization. By the end of 2022, possibly only 4 BEVs and 4 PHEVs will qualify for the additional \$4,500 credit.
EVs which satisfy the domestic content qualifications would receive an additional credit amount of \$500.	Jan 1, 2022	Vehicles are powered by battery cells manufactured in the US.
"Transfer of credit": Taxpayer can opt to have a qualified dealer apply the qualifying tax credit amount in payment at POS.	Jan 1, 2023	Dealer (licensed by a state, etc. to engage in the sale of vehicles) payment can be in cash or in the form of a partial payment or down payment for the purchase of such vehicle.
Final assembly must be at a US facility to qualify for tax credit. "Final assembly" in this case does not include the union (collective bargaining agreement) requirement.	Jan 1, 2027	EVs not assembled in the US would no longer qualify for ANY tax credit. EVs assembled in the US, but not in a union plant would not qualify for the \$4,500 bonus credit. An estimated 10 of 190 EVs available in 2027 would qualify for the maximum \$12,500.
Battery size increases to 50 kWh or more for additional credit amount of \$3,500.	Jan 1, 2027	In addition to those BEVs not meeting the 40 kWh threshold, currently the Nissan LEAF S and Kandi K23 would not meet the 50 kWh threshold.
Expiration of EV tax credits.	Dec 31, 2031	There is no phase out, the tax credit program ends at the end of 2031.