

Electric Vehicle Final Regulations

Cross References

- IR-2024-131

The Internal Revenue Service has issued final regulations for the new and previously owned clean vehicle credits.

The final regulations provide rules regarding the critical mineral and battery components requirements for the new clean vehicle credit. The final regulations finalize rules for taxpayers intending to transfer the new and previously owned clean vehicle credits to dealers who are eligible to receive advance payments, as well as provides rules regarding the process for dealers to become eligible entities to receive advance payments of the transferred credits.

The final regulations also provide guidance regarding the IRS compliance process in the case of the taxpayer's omission of a correct vehicle identification number (VIN).

The regulations also finalize the rules for qualified manufacturers of new clean vehicles to determine if the battery components and applicable critical minerals contained in a vehicle battery are foreign entity of concern (FEOC) compliant. For purposes of the FEOC-compliance requirements, the final regulations:

- Provide relevant definitions,
- Impose a due diligence requirement for battery components and applicable critical minerals,
- Describe the methods by which FEOC-compliance is determined, and
- Outline a reporting and review process for determinations of FEOC-compliance.

The Inflation Reduction Act allows a maximum credit of \$7,500 per new clean vehicle, consisting of \$3,750 in the case of a new vehicle that meets certain requirements relating to applicable critical minerals and \$3,750 in the case of a new vehicle that meets certain requirements relating to battery components.

In addition to the critical minerals and battery components requirements and FEOC-compliance requirements, to qualify for the new clean vehicle credit, the vehicle must meet certain requirements, including satisfaction of an MSRP limitation, and the taxpayer claiming the credit must meet certain requirements, including income limitations.

The previously owned clean vehicle credit is a credit of up to \$4,000 for the purchase of an eligible previously owned clean vehicle with a sale price of \$25,000 or less that is placed in service during a tax year by a qualified buyer. To claim the credit, a qualified buyer must meet certain income limitations and the vehicle must meet specified eligibility requirements.

To view the final regulations, go to:

<https://www.federalregister.gov/documents/2024/05/06/2024-09094/clean-vehicle-credits-under-sections-25e-and-30d-transfer-of-credits-critical-minerals-and-battery>