

# U.S. DEPARTMENT OF THE TREASURY

## Treasury Releases Additional Information on Clean Vehicle Provisions of Inflation Reduction Act

December 29, 2022

WASHINGTON, D.C. – Today the U.S. Treasury Department and the IRS released the following information on certain clean vehicle provisions of the Inflation Reduction Act. The information provides greater clarity to consumers and businesses that, beginning January 1, 2023, will be able to access tax benefits from the law’s clean vehicle provisions.

- [FAQs](#) for consumers on the clean vehicle tax credits that will help them better understand how to access the various tax incentives for the purchase of new and used electric vehicles available beginning January 1. These FAQs include a [link](#) containing a list of clean vehicles that manufacturers have indicated to the IRS meet the requirements to claim the new clean vehicle tax credit beginning January 1, 2023. This list will be updated over the coming days and weeks so consumers looking to purchase a new clean vehicle in the new year should be sure to check it regularly.
- A [notice on the “incremental cost”](#) of vehicles eligible for the commercial clean vehicle tax credit. For vehicles under 14,000 pounds, this tax credit is the lesser of \$7,500, 15% of a qualifying vehicle’s cost (30% if the vehicle is not gas- or diesel-powered), or the “incremental cost” of the vehicle relative to a solely gas- or diesel-powered vehicle of comparable size and use. Today’s notice clarifies the incremental cost in 2023 for commercial clean vehicles.
- A [notice of intent to propose regulations](#) on the tax credit for new clean vehicles. This includes definitions that will provide clarity to manufacturers and buyers around the changes that take effect automatically on January 1, such as Manufacturer’s Suggested Retail Price limits. Importantly, the notice specifies that a vehicle is considered to be “placed in service” for the purposes of the tax credit on the date the taxpayer takes possession of the vehicle, which may or may not be the same date as the purchase date.

In addition to the above pieces of guidance, which taxpayers may rely on beginning January

1, [Treasury also released a white paper](#) on the anticipated direction of Treasury and the IRS's upcoming proposed guidance on the critical minerals and battery components requirements and the process for determining whether vehicles qualify under these requirements. While this preliminary information is not proposed guidance, it will help manufacturers prepare to be able to identify vehicles eligible for the tax credit when the new requirements go into effect after Treasury and the IRS issue a Notice of Proposed Rulemaking in March. This paper reflects months of working through significant complexities and consulting with technical experts across the federal government on battery components and critical minerals.

## **BACKGROUND ON TREASURY'S WORK TO IMPLEMENT THE INFLATION REDUCTION ACT**

Since the Inflation Reduction act was signed into law in August, Treasury has worked expeditiously to write the rules that will make real the promise of this legislation. Within days of the law's enactment, Treasury issued guidance on the electric vehicle tax credit and worked closely with DOT and DOE so consumers could easily find a list of eligible vehicles online.

In the fall, Treasury held a series of stakeholder discussions with Secretary Yellen and Deputy Secretary Adeyemo to solicit input from key groups representing millions of workers, thousands of companies, and trillions of dollars in investment assets, as well as climate and environmental justice advocates, community-based organizations, and other key actors that are critical to the success of the Inflation Reduction Act. Treasury also hosted three formal consultations with Tribal governments and Alaska Native Corporations to hear first-hand from Tribal leaders about provisions in the law that directly affect Tribal nations.

In addition, Treasury has solicited and is reviewing thousands of public comments from trade associations, carmakers, labor groups, state and municipal leaders, consumers, foreign governments, utility companies, climate advocacy organizations, think tanks, and more.

Last month, Treasury published [initial guidance](#) on the prevailing wage and apprenticeship standards. Earlier this month, Treasury and the IRS [set out](#) key procedures for manufacturers and sellers of clean vehicles that are required in order for vehicles to be eligible for tax incentives. And last week, Treasury and the IRS issued [guidance](#) on the new Sustainable

Aviation Fuel (SAF) credit and [FAQs](#) on energy efficient home improvement projects and residential clean energy property credits.

For more information on Treasury's implementation work around the Inflation Reduction Act, see below.

[August 16, 2022: Treasury Releases Initial Information on Electric Vehicle Tax Credit Under Newly Enacted Inflation Reduction Act](#)

[October 5, 2022: Treasury Seeks Public Input on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives](#)

[FACT SHEET: Treasury, IRS Open Public Comment on Implementing the Inflation Reduction Act's Clean Energy Tax Incentives](#)

[October 26, 2022: READOUT: Stakeholder Roundtable on Clean Power Generation and the Inflation Reduction Act](#)

[October 27, 2022: READOUT: Stakeholder Roundtable on Climate Impact, Equity, and the Inflation Reduction Act](#)

[FACT SHEET: Four ways the Inflation Reduction Act's Tax Incentives Will Support Building an Equitable Clean Energy Economy](#)

[October 31, 2022: READOUT: Stakeholder Roundtable on Investor Perspectives on Climate Change, Clean Energy, and the Inflation Reduction Act](#)

[November 3, 2022: Treasury Seeks Public Input on Additional Clean Energy Tax Provisions of the Inflation Reduction Act](#)

[November 4, 2022: READOUT: Stakeholder Roundtable on Clean Vehicles and the Inflation Reduction Act](#)

[November 29, 2022: Treasury Announces Guidance on Inflation Reduction Act's Strong Labor Protections](#)

[December 12, 2022: Treasury and IRS set out procedures for manufacturers, sellers of clean vehicles](#)

[December 19, 2022: Treasury, IRS issue guidance on new Sustainable Aviation Fuel Credit](#)

December 22, 2022: IRS releases frequently asked questions about energy efficient home improvements and residential clean energy property credits