


# U.S. DEPARTMENT OF THE TREASURY

## Treasury Updates Vehicle Classification Standard for Clean Vehicle Tax Credits Under Inflation Reduction Act

February 3, 2023

WASHINGTON—Today, the U.S. Treasury Department [updated the vehicle classification standard](#)  used to determine the applicable Manufacturer Suggested Retail Price (MSRP) limitation for clean vehicle tax credits available under the Inflation Reduction Act.

On December 29, 2022, Treasury published a notice of intent to propose regulations containing information for consumers and manufacturers in advance of the January 1, 2023, effective date of changes to the clean vehicle credit under section 30D of the tax code. The notice of intent provided an expected vehicle classification standard, based on existing EPA CAFE standards, for the purpose of determining whether the vehicle is a sedan, SUV, or other type of vehicle and subject to the \$55,000 or \$80,000 MSRP limitation.

To make it easier for consumers to know which vehicles qualify under the applicable MSRP cap, Treasury is updating the vehicle classification standard to use the consumer-facing EPA Fuel Economy Labeling standard, rather than the EPA CAFE standard. This change will allow crossover vehicles that share similar features to be treated consistently. It will also align vehicle classifications under the clean vehicle credit with the classification displayed on the vehicle label and on the consumer-facing website [FuelEconomy.gov](https://www.fueleconomy.gov).

Customers who have purchased and placed in service vehicles since January 1, 2023, that qualify under the EPA Fuel Economy Labeling classification standard announced today and who satisfy the other clean vehicle tax credit requirements can claim the credit, including customers with vehicles that did not qualify under the prior EPA CAFE standard.

All vehicles that were eligible under the MSRP limitations prior to today's notice remain eligible under the updated standard. Updated information about the MSRP limit that applies has been posted to [IRS.gov](https://www.irs.gov).

As outlined in December, subsequent guidance on critical minerals and batteries will be issued in March.



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


Since the Inflation Reduction Act was signed into law in August 2022, 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 clean vehicle tax credit and worked closely with the Departments of Energy and Transportation so consumers could easily find a list of eligible vehicles online.

In the fall of 2022, Treasury held a series of stakeholder discussions with Secretary Janet L. Yellen and Deputy Secretary Wally 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.

In November, Treasury published [initial guidance](#) on the prevailing wage and apprenticeship standards, which went into effect on January 29, 2023.


In December, Treasury and the IRS [set out](#) key procedures for manufacturers and sellers of clean vehicles that are required for vehicles to be eligible for tax incentives. Treasury and the IRS then released [initial guidance](#)  to provide clarity for consumers and businesses to access the credit on January 1, 2023. Treasury also released a [white paper](#)  on the anticipated direction of upcoming proposed guidance on the critical minerals and battery components requirements for clean vehicles.

Lastly in December, 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

December 29, 2022: Treasury Releases Additional Information on Clean Vehicle Provisions of Inflation Reduction Act

January 26, 2023: READOUT: Deputy Secretary Adeyemo Convenes Roundtable Discussion on How IRS Modernization Will Ensure a More Accessible IRS

## January 29, 2023: Statement from Deputy Secretary of the Treasury Wally Adeyemo on Implementation of Strong Inflation Reduction Act Worker Protections