



# Used Clean Vehicle Credit


Beginning January 1, 2023, if you buy a qualified used electric vehicle (EV) or fuel cell vehicle (FCV) from a licensed dealer for \$25,000 or less, you may be eligible for a used clean vehicle tax credit. The credit equals 30% of the sale price up to a maximum credit of \$4,000.

If you do not transfer the credit, it is nonrefundable when you file your taxes, so you can't get back more on the credit than you owe in taxes. You can't apply any excess credit to future tax years.

At the time of sale, a seller must give you information about your vehicle's qualifications. Sellers must also register online and report the same information to the IRS. If they don't, your vehicle won't be eligible for the credit.

Purchases made before 2023 don't qualify.

## Who qualifies

You may qualify for a credit for buying a previously owned, qualified plug-in electric vehicle (EV) or fuel cell vehicle (FCV), including cars and light trucks, under [Internal Revenue Code Section 25E](#) .

To qualify, you must:

- Be an individual who bought the vehicle for use and not for resale
- Not be the original owner
- Not be claimed as a dependent on another person's tax return
- Not have claimed another used clean vehicle credit in the 3 years before the purchase date

In addition, your modified adjusted gross income (AGI) may not exceed:

- \$150,000 for married filing jointly or a surviving spouse
- \$112,500 for heads of households
- \$75,000 for all other filers

You can use your modified AGI from the year you take delivery of the vehicle or the year before, whichever is less. If your income is below the threshold for 1 of the 2 years, you can claim the credit.

For more information on how to qualify see [Publication 5866-A, Used Clean Vehicle Tax Credit Checklist](#) .

## Qualified vehicles and sales

To see if a vehicle is eligible for the used clean vehicle credit:

### **Fueleconomy.gov**

To qualify, a vehicle must meet all of these requirements:

- Have a sale price of \$25,000 or less. Sale price includes all dealer-imposed costs or fees not required by law. It doesn't include costs or fees required by law, such as taxes or title and registration fees.
- Have a model year at least 2 years earlier than the calendar year when you buy it. For example, a vehicle purchased in 2023 would need a model year of 2021 or older.
- Not have already been transferred after August 16, 2022 to a qualified buyer.
- Have a gross vehicle weight rating of less than 14,000 pounds
- Be an eligible FCV or plug-in EV with a battery capacity of least 7 kilowatt hours
- Be for use primarily in the United States

The sale qualifies only if:

- You buy the vehicle from a dealer.
- For qualified used EVs, the dealer [reports required information to you at the time of sale and to the IRS.](#)

A dealer is a person licensed to sell motor vehicles in a state, the District of Columbia, the Commonwealth of Puerto Rico, any other territory or possession of the United States, an Indian tribal government or any Alaska Native Corporation.

Required information includes:

- Dealer's name and taxpayer ID number
- Buyer's name and taxpayer ID number
- Sale date and sale price
- Maximum credit allowable under IRC 25E
- Vehicle identification number (VIN), unless the vehicle is not assigned one
- Battery capacity

## Understanding the price limitations

Buyers should understand what items are included and excluded from the sale price when determining eligibility for the Used Clean Vehicle Credit.

The sale price:

- Includes the retail price for each accessory or item of optional equipment physically attached to the vehicle at the time of sale and any delivery charges and after the application of any incentives.

- Includes dealer documentation fees, which are part of the cost of purchasing a vehicle and are not required by federal or state law. This fee is listed in the sales contract and becomes part of the final sale price.
- Excludes separately listed taxes and fees required by state or local law and financing, extended warranties, or insurance.

The sales price is determined before the application of any trade-in value.

Car buyers can choose to transfer their Clean Vehicle Credit to the dealer at the time they are purchasing an eligible vehicle in exchange for a financial benefit equal to the amount of the credit such as a cash payment, a partial payment or a down payment.

The sale price of the car is not affected by a buyer's decision to transfer the credit. This means the sale price of the used clean vehicle must be below \$25,000 before considering any financial benefit the buyer receives from transferring the credit to the dealer. The sale price of a used clean vehicle is determined after the application of any incentives but before the application of any trade-in value.

Dealers may not change the sale price based on whether the buyer decides to transfer a tax credit.

Pricing contingent on the value of a buyer's trade-in or a buyer's purchase of optional equipment; warranties or services is not allowed. Dealers cannot reduce the sales price of a used clean vehicle to determine if the vehicle is eligible for the credit based on a trade-in transaction or mandatory add-ons. The amount of the reduction would be considered part of the sale price for purposes of the credit.

## How to claim the credit

You can apply the Clean Vehicle Tax Credit immediately toward the amount you pay for the vehicle by transferring the credit to the dealer or you can wait and claim the credit when you file your tax return.

To transfer the credit at the time of sale, you must buy the vehicle from a registered dealer primarily for personal use (not for resale).

### Get a time-of-sale report

The dealer should give you a paper copy of a time-of-sale report when you complete your purchase.


- Keep this copy for your records because it affirms that the dealer sent a report to the IRS on the purchase date.
- If you didn't receive a copy of the report, follow our [step-by-step guide](#).

### File Form 8936 with your tax return

You must file [Form 8936](#) when you file your tax return for the year in which you take delivery of the vehicle. This is true whether you transferred the credit at the time of sale or you're waiting to claim the credit when you file.

For detailed instructions, follow our [step-by-step guide](#).

## Related

- [Credits for new electric vehicles purchased in 2023 or after](#)
- [Credits for new electric vehicles purchased in 2022 or before](#)
- [Commercial Clean Vehicle Credit](#)
- [Credits and deductions under the Inflation Reduction Act of 2022](#)
- [Form 15400, Clean Vehicle Seller Report \(Sample, used vehicle\)](#) PDF
- [Alternative Fuel Vehicle Refueling Property Credit](#)
- [Refueling Infrastructure Tax Credit](#) 

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