


Reg. Section 1.30D-4(a)(3)

Special rules

(a) No double benefit.

(1) In general. Under section 30D(f)(2) of the Internal Revenue Code (Code), the amount of any deduction or other credit allowable under chapter 1 of the Code for a vehicle for which a credit is allowable under section 30D(a) must be reduced by the amount of the section 30D credit allowed for such vehicle (determined without regard to section 30D(c)).

(2) Interaction between section 30D and section 25E credits. A section 30D credit that has been allowed with respect to a vehicle in a taxable year before the year in which a credit under section 25E of the Code is allowable for that vehicle does not reduce the amount allowable under section 25E.



(3) Interaction between section 30D and section 45W credits. Pursuant to section 45W(d)(3) of the Code, no credit is allowed under section 45W with respect to any vehicle for which a credit was allowed under section 30D.

(b) Limitation based on modified adjusted gross income.

(1) In general. Under section 30D(f)(10)(A), no credit is allowed under section 30D(a) for any taxable year if-

(i) The lesser of-

(A) The modified adjusted gross income of the taxpayer for such taxable year, or

(B) The modified adjusted gross income of the taxpayer for the preceding taxable year, exceeds

(ii) The threshold amount.

(2) Threshold amount. For purposes of section 30D(f)(10)(A) and paragraph (b)(1) of this section, the threshold amount applies to taxpayers based on the return filing status for the taxable year, as set forth in paragraphs (b)(2)(i) through (iii) of this section. See section 30D(f)(10)(B).

(i) In the case of a joint return or a surviving spouse (as defined in section 2(a) of the Code), the threshold amount is \$300,000,

(ii) In the case of a head of household (as defined in section 2(b)), the threshold amount is \$225,000.

(iii) In the case of a taxpayer not described in paragraph (b)(2)(i) or (ii) of this section, the threshold amount is \$150,000.

(3)Special rule for change in filing status. If the taxpayer's filing status for the taxable year differs from the taxpayer's filing status in the preceding taxable year, then the taxpayer satisfies the limitation described in section 30D(f)(10) and paragraph (b)(1) of this section if the taxpayer's modified adjusted gross income does not exceed the threshold amount in either year based on the applicable filing status for that taxable year.

(4)Application to estates and trusts.

(i) Estates and non-grantor trusts. In the case of a new clean vehicle placed in service by an estate or a non-grantor trust, the threshold amount of paragraph (b)(2)(iii) of this section applies for purposes of the modified adjusted gross income limitation of section 30D(f)(10) and this paragraph (b). For purposes of the modified adjusted gross income limitation, an estate or non-grantor trust is treated as having modified adjusted gross income above the threshold amount for any year in which the estate or non-grantor trust is not in existence.

(ii) Grantor trusts. In the case of a new clean vehicle placed in service by a grantor trust, the modified adjusted gross income limitation of section 30D(f)(10) and this paragraph (b) applies based on the modified adjusted gross income of the grantor or other deemed owner of the trust, and not the modified adjusted gross income of the trust or any beneficiary of the trust other than the grantor or other deemed owner.

(5)Application to passthrough entities. In the case of a new clean vehicle placed in service by a partnership or an S corporation, if the section 30D credit is claimed by individuals, non-grantor trusts, or estates who are direct or indirect partners of that partnership or shareholders of that S corporation, the modified gross income limitation of section 30D(f)(10) and this paragraph (b) applies at the partner or shareholder level in accordance with the rules of this paragraph (b).

(6)Other taxpayers. The modified adjusted gross income limitation of this paragraph (b) does not apply in the case of a new clean vehicle placed in service by a corporation or by a taxpayer that is not an individual, estate, trust, or entity as provided in paragraph (b)(4) or (b)(5) of this section.

(c)Credit may generally be claimed on only one tax return.

(1)In general. Except as provided in paragraph (c)(2) of this section, the amount of the section 30D credit attributable to a new clean vehicle may be claimed on only one Federal income tax return, including on a joint return in which one of the spouses is listed on the seller report. In the event a new clean vehicle is placed in service by multiple taxpayers who do not file a joint tax return (for example, in the case of married individuals filing separate returns), no allocation or proration of the section 30D credit is available.

(2)Exception for passthrough entities. In the case of a new clean vehicle placed in service by a partnership or an S corporation, the section 30D credit is allocated among the partners of the partnership under §1.704-1(b)(4)(ii), or among the shareholder(s) of the S

corporation under sections 1366(a) and 1377(a) of the Code, and claimed on the Federal income tax returns of the individual partners or S corporation shareholder(s).

(3) Seller reporting.

(i) In general. The name and taxpayer identification number of the taxpayer claiming the section 30D credit must be listed on the seller report pursuant to section 30D(d)(1)(H). The credit will be allowed only on the Federal income tax return of the taxpayer listed in the seller report.

(ii) Passthrough entities. In the case of a new clean vehicle placed in service by a partnership or S corporation, the name and tax identification number of the partnership or S corporation that placed the new clean vehicle in service must be listed on the seller report pursuant to section 30D(d)(1)(H).

(4) Example. A married couple jointly purchases and places in service a new clean vehicle that qualifies for the section 30D credit and puts both of their names on the title. The couple files separate Federal income tax returns by using the married filing separately filing status. Only one spouse may claim the section 30D credit with respect to the new clean vehicle on that spouse's respective return, and the other spouse may not claim any amount of the section 30D credit with respect to that new clean vehicle. The spouse that claims the section 30D credit must be the same spouse listed on the seller report.

(d) Grantor trusts. To the extent that the grantor or another person is treated as owning all or part of a trust under sections 671 through 679 of the Code, the section 30D credit is allocated to such grantor or other person in accordance with §1.671-3(a)(1).

(e) Recapture rules.

(1) In general. This paragraph (e) provides rules under section 30D(f)(5) regarding the recapture of the section 30D credit.

(i) Cancelled sale. If the sale of a vehicle between the taxpayer and seller is cancelled before the taxpayer places the vehicle in service, then-

(A) The taxpayer may not claim the section 30D credit with respect to the vehicle;

(B) The sale will be treated as not having occurred and the vehicle will be considered available for original use by another taxpayer (regardless of the cancelled sale), and the vehicle will, therefore, still be eligible for the section 30D credit upon a subsequent sale that meets the requirements of section 30D and the section 30D regulations;

(C) The seller report must be rescinded by the seller in the manner set forth in guidance published in the Internal Revenue Bulletin (see §601.601 of this chapter); and

(D) The taxpayer cannot make a credit transfer election under section 30D(g) and §1.30D-5(d) with respect to the cancelled sale.

(ii) Vehicle return. If a taxpayer returns to the seller a vehicle within 30 days of placing such vehicle in service, then-

(A) The taxpayer cannot claim the section 30D credit with respect to the vehicle;

(B) The vehicle will no longer be considered available for original use by another taxpayer, and, therefore, the vehicle will no longer be eligible for the section 30D credit;

(C) The seller report must be updated by the seller in the manner set forth in guidance published in the Internal Revenue Bulletin (see §601.601 of this chapter); and

(D) A credit transfer election under 30D(g) and §1.30D-5(d), if applicable, will be treated as nullified and any advance payment made pursuant to section 30D(g) and §1.30D-5(f), if applicable, will be collected from the eligible entity as an excessive payment pursuant to §1.30D-5(g)(2).

(iii) Resale. If a taxpayer resells a vehicle within 30 days of placing the vehicle in service, then the taxpayer is treated as having purchased such vehicle with the intent to resell, and-

(A) The taxpayer cannot claim the section 30D credit with respect to the vehicle;

(B) The vehicle will no longer be considered available for original use by another taxpayer, and, therefore, the vehicle will no longer be eligible for the section 30D credit;

(C) The seller report will not be updated;

(D) A credit transfer election under 30D(g) and §1.30D-5(d), if applicable, will remain in effect and any advance payment made pursuant to section 30D(g) and §1.30D-5(f) will not be collected from the eligible entity; and

(E) The value of any transferred credit will be collected from the taxpayer as an increase in tax imposed by chapter 1 of the Code for the taxable year in which the vehicle is placed in service.

(iv) Other vehicle returns and resales. In the case of a return of a new clean vehicle not described in paragraph (e)(1)(ii) of this section or a resale not described in paragraph (e)(1)(iii) of this section, the vehicle will no longer be considered available for original use by another taxpayer, and, therefore, will no longer be eligible for the section 30D credit upon a subsequent sale.

(2)Recapture rules in the case of a credit transfer election. For additional recapture rules that apply in the case of a credit transfer election, see §1.30D-5(g)(1). For excessive payment rules that apply in the case of an advance payment made to an eligible entity, see §1.30D-5(g)(2).

(3)Example. Demonstrator vehicle. A dealer purchases, registers, and titles a vehicle in its name and uses it as a demonstrator vehicle for customers. The dealer resells the

vehicle more than 30 days after placing the vehicle in service. The dealer claimed the section 30D credit on its Federal tax return for the tax year the vehicle is placed in service. The credit recapture provision in §1.30D-4(e)(1)(iii) does not apply because the vehicle was resold more than 30 days after being placed in service.

(f)Seller registration. A seller must register with the IRS in the manner set forth in guidance published in the Internal Revenue Bulletin (see §601.601 of this chapter) for purposes of filing seller reports (as defined in §1.30D-2(b)(46)).

(g)Requirement to file return. No section 30D credit is allowed unless the taxpayer claiming such credit files a Federal income tax return or information return, as appropriate, for the taxable year in which the new clean vehicle is placed in service. The taxpayer must attach to such return a completed Form 8936, Clean Vehicle Credits, or successor form that includes all information required by the form and instructions. The taxpayer must also attach a completed Schedule A (Form 8936), Clean Vehicle Credit Amount, or successor form or schedule that includes all information required by the schedule and instructions, such as the vehicle identification number of the previously-owned clean vehicle.

(h)Taxpayer reliance on manufacturer certifications and periodic written reports to the IRS. A taxpayer that acquires a new clean vehicle and places it in service may rely on the manufacturer's certification concerning the manufacturer's status as a qualified manufacturer. A taxpayer also may rely on the information and certifications contained in the qualified manufacturer's written reports to the IRS. The procedures for such periodic written reports are established in guidance published in the Internal Revenue Bulletin (see §601.601 of this chapter). To the extent a taxpayer relies on certifications or attestations from the qualified manufacturer regarding certain section 30D requirements, the new clean vehicle the taxpayer acquires will be deemed to meet the requirements of section 30D(d)(1)(C) through (F), (d)(7), and (e). See §1.30D-5(g)(3)(ii) for an example that illustrates the interplay between the rule in this paragraph (h) and the excessive payment rule in §1.30D-3(g)(2).

(i)Severability. The provisions of this section are separate and severable from one another. If any provision of this section is stayed or determined to be invalid, it is the agencies' intention that the remaining provisions shall continue in effect.

(j)Applicability date. This section applies to taxable years ending after December 4, 2023.