



# DON'T TAX YOURSELF

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## Tax Credit for Electric Vehicles Purchased in 2023 and Later – Does Your New Vehicle Qualify?

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Despite the predictions and media attention, [electric vehicles \(EV\)](#) accounted for only 5.7% of all automobiles purchased in the United States in 2022.

Globally, [EV sales rose to 14%](#) in 2022.

The persistently [high cost of new EVs](#) has made purchasing one out of reach for most consumers. However, the U.S. Tax Code provides a subsidy and tax incentive for those willing to take the plunge.

New EVs or fuel cell vehicles purchased in 2023 may qualify for a tax credit of up to \$7,500. However, the Inflation Reduction Act of 2022 placed new requirements on qualifying vehicles purchased between 2023 and 2032.

### WHICH VEHICLES QUALIFY?

Vehicles will have to meet mineral and battery component requirements for a credit up to:

- \$3,750 if the vehicle meets the critical minerals requirement only
- \$3,750 if the vehicle meets the battery components requirement only
- \$7,500 if the vehicle meets both

### Critical Minerals

To be eligible for the full [electric vehicle and fuel cell electric vehicle tax credit](#) a percentage of the minerals must be extracted or processed in the United States or by a U.S. free-trade agreement partner or recycled in North America and must meet or exceed the following thresholds:



Year	Critical minerals minimum percent value requirement
2023	40%
2024	50%
2025	60%
2026	70%
2027 & later	80%

### Battery Component

To be eligible for the full credit the percentage of the battery components that are manufactured or assembled in North America must meet or exceed:

Year	Battery components minimum percent value requirement
2023	50%
2024-2025	60%
2026	70%
2027	80%
2028	90%
2029 & later	100%

### LIMIT ON VEHICLE PURCHASE PRICE

In addition, the vehicle's manufacturer suggested retail price (MSRP) can't exceed:

- \$80,000 for vans, sport utility vehicles and pickup trucks
- \$55,000 for other vehicles

### WHO QUALIFIES FOR THE CREDIT?

In order to qualify for the credit, your modified adjusted gross income (AGI) may not exceed:

- \$300,000 for married couples filing jointly
- \$225,000 for heads of households
- \$150,000 for all other filers

### OTHER REQUIREMENTS?

You must:

- Buy the vehicle for your own use and not for resale
- Use the vehicle primarily in the U.S.

There are other requirements for the [credits for new clean vehicles purchased in 2023 or after](#) that can be found on the IRS website. The IRS has also issued a [fact sheet about new, previously owned and qualified commercial clean vehicle credits](#) in a question-and-answer format.

For most consumers, the easiest way to see whether a vehicle qualifies for the credit is to visit [the government's fuel economy website](#).



## HOW TO CLAIM THE CREDIT

Taxpayers will claim the credit on [Form 8936](#) when they file their federal income tax return.