

The Inflation Reduction Act is landmark federal legislation that advances key priorities of the Clean Energy Districts of Iowa.

Electric Vehicle Tax Credit

Federal tax credit of up to \$7,500 for new EVs and \$4,000 for used EVs! The rules are complex and uncertain, and qualifying models will change yearly.

For vehicles purchased or under contract to purchase until the end of 2022:

Pre-Inflation Reduction Act EV tax credit rules all still apply, including the manufacturer production phase-out that made some manufacturers such as GM, Toyota and Tesla ineligible. In addition to the prior rules, vehicles now must have their final assembly occur within North America. Given this new requirement, the number of vehicles eligible for the credit will decrease significantly. If you are in the process of purchasing or are seriously considering purchasing an EV, then consider doing so (or signing a purchase agreement) prior to the end of 2022, given uncertainties that take effect January 1, 2023.

For vehicles purchased beginning January 1, 2023: The bulk of the Inflation Reduction Act EV credit rules go into effect, including:

- Elimination of the manufacturer production cap, potentially making Tesla, Toyota and GM vehicles eligible, but the continuation of North American assembly requirements that came into effect when the bill was signed.
- \$7,500 credit for new electric vehicles (EV) or plug-in hybrid electric vehicles (PHEV) with MSRPs less than \$55,000 for cars and \$80,000 for SUVs and light-duty trucks
- Used EV and PHEV credit of 30% of purchase price up to \$4,000. Vehicle must be purchased from a dealer and be the vehicle's first non-new ownership transfer. Final assembly rules and material sourcing rules pertaining to new EVs do not apply. EV must be purchased from a dealer, private sales are excluded

- The \$7,500 new vehicle credit is actually two credits each worth \$3,750, one dependent on battery assembly in North America, and the other dependent on critical minerals sourced from North America or a trade-friendly country. These requirements may reduce or eliminate the credit for most vehicles until manufacturing and supply chains adjust over time.
- Income cap of \$150,000 for individual filers and \$300,000 for joint filers for new EV credit, and \$75,000 for individual filers and \$150,000 for joint filers for used EV credit

For vehicles purchased beginning January 1, 2024:

Option of transferring credit for both new and used EVs to dealership for point-of-sale price reduction, allowing those with low tax liability the ability to take advantage of the credit

EV Charger Tax Credit

Tax credit of \$1,000 for the installation of bidirectional home EV charger!

Timeline and Details: Charger must be bidirectional, allowing for vehicle charging and discharging to home or grid. Tax credit of up to 30% of qualifying expenses up to \$1,000. Tax credit availability requires tax liability. Credit program begins January 1, 2023.

Clean Energy Districts of Iowa are local institutions created to strengthen communities by leading, implementing and accelerating the locally owned clean energy transition. Fair access to locally owned clean energy is a win-win generating community-wide energy prosperity and climate stewardship.

