

Electric Vehicle Tax Credits

Federal Tax Credit (about that asterisk)

Currently there is a \$7,500 tax credit with the purchase of an electric Car. Most references say “up to” or have an asterisk * (the short answer is if line 16 on the standard IRS 1040 is above \$7500, you get the full tax credit) The long answer follows :

The federal incentive is usually referred to as a flat \$7,500 credit, but it's only worth \$7,500 to someone whose tax bill at the end of the year is \$7,500 or more. Let's say you buy an eligible EV and you owe \$5,000 in income tax for a particular year. That's all the tax credit will be, \$5000.

That is because this tax credit does not carry over. As an example – if your taxes for the year of purchase are \$3000, then you only get \$3000 and the remaining \$4,500 does not carry over. Or in tax terminology, it is not “refundable”. If you overpay your federal tax withholding, that excess is returned to you or “refunded”. The federal tax credit is applied first, and if that fulfills your tax obligation, that portion of your withholding that exceeds your tax obligation will be refunded. This is to explain making the claim for a tax credit, not all EVs are eligible

Tax credit is claimed by including IRS form 8936.

Check VIN for country of origin here : <https://afdc.energy.gov/laws/electric-vehicles-for-tax-credit>

Married filing separately, \$12,950 • Married filing jointly or Qualifying surviving spouse, \$25,900 • Head of household, \$19,400 • If you checked any box under Standard Deduction, see instructions.	7	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	7	
	8	Other income from Schedule 1, line 10	8	
	9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	
	10	Adjustments to income from Schedule 1, line 26	10	
	11	Subtract line 10 from line 9. This is your adjusted gross income	11	
	12	Standard deduction or itemized deductions (from Schedule A)	12	
	13	Qualified business income deduction from Form 8995 or Form 8995-A	13	
	14	Add lines 12 and 13	14	
	15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2022)

Adjusted Gross Income is on line 11



Tax is on line 16

Form 1040 (2022)		Page 2		
Tax and Credits	16	Tax (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	16	
	17	Amount from Schedule 2, line 3	17	
	18	Add lines 16 and 17	18	
	19	Child tax credit or credit for other dependents from Schedule 8812	19	
	20	Amount from Schedule 3, line 8	20	
	21	Add lines 19 and 20	21	
	22	Subtract line 21 from line 18. If zero or less, enter -0-	22	
	23	Other taxes, including self-employment tax, from Schedule 2, line 21	23	
	24	Add lines 22 and 23. This is your total tax	24	
Payments	25	Federal income tax withheld from:		



Form 8936 (Rev. January 2022) Department of the Treasury Internal Revenue Service Name(s) shown on return	Qualified Plug-in Electric Drive Motor Vehicle Credit (Including Qualified Two-Wheeled Plug-in Electric Vehicles) OMB No. 1545-2137 Attachments Sequence No. 69 ▶ Attach to your tax return. ▶ Go to www.irs.gov/Form8936 for instructions and the latest information.	Identifying number
Note: • Use this form to claim the credit for certain plug-in electric vehicles. • Claim the credit for certain alternative motor vehicles on Form 8910.		
Part I Tentative Credit Use a separate column for each vehicle. If you need more columns, use additional Forms 8936 and include the totals on lines 12 and 19.		
	(a) Vehicle 1	(b) Vehicle 2
1 Year, make, and model of vehicle	1	
2 Vehicle identification number (see instructions)	2	
3 Enter date vehicle was placed in service (MM/DD/YYYY)	3	

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