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## **Prop. Reg. Section 1.30D-4(c)(4)**

### **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) Application to credit for previously-owned clean vehicles under section 25E. 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) Application to credit for qualified clean vehicles under section 45W. 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. 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 paragraph (b)(1) of this section, the threshold amount applies to individual taxpayers based on the return filing status for the taxable year, as set forth in paragraphs (b)(2)(i) through (iii) of this section.

(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) of the Code), 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) Modified adjusted gross income. For purposes of section 30D(f)(10) and this paragraph (b), the term modified adjusted gross income means adjusted gross income (as defined in section 62 of the Code) increased by any amount excluded from gross income under section 911, 931, or 933 of the Code.

(4) 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, the taxpayer satisfies the limitation described in paragraph (b)(1) of this section if the taxpayer's modified AGI does not exceed the threshold amount in either year based on the applicable filing status for that taxable year.

(5) Application to taxpayers other than individuals.

(i) In general. Except as provided in paragraph (b)(4)(ii) of this section, 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 other taxpayer that is not an individual for whom adjusted gross income is computed under section 62.

(ii) Application to passthrough entities. In the case of a new clean vehicle placed in service by a partnership or S corporation, where the section 30D credit is claimed by individuals who are direct or indirect partners of that partnership or shareholders of that S corporation, the modified adjusted gross income limitation of this paragraph (b) will apply to those partners or shareholders.

(c) Multiple owners and passthrough entity ownership of a single vehicle.

(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 tax return. In the event a new clean vehicle is placed in service by multiple owners, no allocation or proration of the section 30D credit is available.

(2) Passthrough entities. In the case of a new clean vehicle placed in service by a partnership or S corporation, while the partnership or S corporation is the vehicle owner, the section 30D credit is allocated among the partners of the partnership under §1.704-1(b)(4)(ii) or among the shareholders of the S corporation under sections 1366(a) and 1377(a) of the Code and claimed on the tax returns of the ultimate partners' or of the S corporation shareholder(s).

(3) Seller reporting.

(i) In general. The name and taxpayer identification number of the vehicle owner claiming the section 30D credit must be listed on the seller's report pursuant to section 30D(d)(1)(H). The credit will be allowed only on the tax return of the owner listed in the seller's 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's 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. When the couple prepares to file their Federal income tax return, they choose to file using the married filing separately filing status. The section 30D credit may only be claimed by one of the spouses on that spouse's tax 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 received pursuant to section 30D(d)(1)(H).

(d) 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.

(e) Applicability date. This section applies to new clean vehicles placed in service after [DATE OF PUBLICATION OF FINAL RULE].