


Prop. Reg. Section 1.30D-1(b)

Credit for new clean vehicles

(a) In general, Section 30D(a) of the Internal Revenue Code (Code) allows as a credit against the tax imposed by chapter 1 of the Code (chapter 1) for the taxable year of a taxpayer an amount equal to the sum of the credit amounts determined under section 30D(b) with respect to each new clean vehicle purchased by the taxpayer that the taxpayer places in service during the taxable year. For purposes of the section 30D regulations (as defined in §1.30D-2(f)), the term section 30D credit means the credit allowable to a taxpayer for a taxable year under section 30D(a) and the section 30D regulations with respect to all vehicles placed in service by the taxpayer during the taxable year. Section 1.30D-2 provides definitions that apply for purposes of section 30D and the section 30D regulations. Section 1.30D-3 provides rules regarding the critical mineral and battery component requirements of section 30D(e). Section 1.30D-4 provides guidance regarding the limitations and special rules in section 30D(f).

 (b) Application with other credits.

(1) Business credit treated as part of general business credit.

(i) In general, Section 30D(c)(1) requires that so much of the section 30D credit that would be allowed under section 30D(a) for any taxable year (determined without regard to section 30D(c) and this paragraph (b)) that is attributable to a depreciable vehicle must be treated as a general business credit under section 38 of the Code that is listed in section 38(b)(30) for such taxable year (and not allowed under section 30D(a)). In the case of a depreciable vehicle the use of which is 50 percent or more business use in the taxable year such vehicle is placed in service, the section 30D credit that would be allowed under section 30D(a) for that taxable year (determined without regard to section 30D(c) and this paragraph (b)) that is attributable to such depreciable vehicle must be treated as a general business credit under section 38 of the Code that is listed in section 38(b)(30) for such taxable year (and not allowed under section 30D(a)). See paragraph (b)(2) of this section for rules applicable in the case of a depreciable vehicle the use of which is less than 50 percent business use in the taxable year such vehicle is placed in service. See paragraph (b)(3) of this section for rules applicable to a section 30D credit allowed under section 30D(a) pursuant to section 30D(c)(2) or paragraphs (b)(2)(ii) or (b)(3) of this section.

(ii) Depreciable vehicle. For purposes of this paragraph (b), a depreciable vehicle is a vehicle of a character subject to an allowance for depreciation.

(2) Apportionment of section 30D credit. In the case of a depreciable vehicle the business use of which is less than 50 percent of a taxpayer's total use of the vehicle for the taxable year in which the vehicle is placed in service, the taxpayer's section 30D credit for that taxable year with respect to that vehicle must be apportioned as follows:

(i) The portion of the section 30D credit corresponding to the percentage of the taxpayer's business use of the vehicle is treated as a general business credit under section 30D(c)(1) and paragraph (b)(1) of this section (and not allowed under section 30D(a) or paragraph (b)(3) of this section).

(ii) The portion of the section 30D credit corresponding to the percentage of the taxpayer's personal use of the vehicle is treated as a section 30D credit allowed under section 30D(a) pursuant to section 30D(c)(2) and paragraph (b)(3) of this section.

(3) Personal credit limited based on tax liability. Section 26 of the Code limits the aggregate amount of credits allowed to a taxpayer by subpart A of part IV of subchapter A of chapter 1 (subpart A) based on the taxpayer's tax liability. Under section 26(a), the aggregate amount of credits allowed to a taxpayer by subpart A cannot exceed the sum of the taxpayer's regular tax liability (as defined in section 26(b)) for the taxable year reduced by the foreign tax credit allowable under section 27 of the Code, and the alternative minimum tax imposed by section 55(a) for the taxable year. Section 30D(c)(2) provides that the section 30D credit allowed under section 30D(a) for any taxable year (determined after application of section 30D(c)(1) and paragraphs (b)(1) and (2) of this section) is treated as a credit allowable under subpart A for such taxable year, and the section 30D credit allowed under section 30D(a) is therefore subject to the limitation imposed by section 26.

(c) 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.

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