

# UNDERSTANDING EV TAX CREDITS AND HOW TO CLAIM THEM

## FOR LOCAL GOVERNMENT AND COMMUNITY LEADERS



### 45W Commercial Clean Vehicle Credit

The scope of the [Commercial Clean Vehicle Credit](#) now includes a broader range of electric vehicles (EVs), from light to heavy-duty models.

### 30C Alternative Fuel Vehicle Refueling Property Credit (AFVRPC)

The [AFVRPC](#) provides financial assistance for installing EV charging stations in [non-urban and low-income areas](#).

This initiative supports the development of essential infrastructure to facilitate the use of electric vehicles.

For guidance on leveraging the AFVRPC and identifying qualifying locations, refer to the [IRS guidelines](#) and use the Department of Energy's [30C Tax Credit Eligibility Locator map](#).

Important opportunities have emerged that could significantly enhance your community's transition toward cleaner, greener transportation options.

### Incentives of Utilizing EV Tax Credits

#### 45W Commercial Clean Vehicle Credit

For Tax-Exempt Entities: A substantial incentive for adopting environmentally friendly transportation.

#### 30C Alternative Fuel Vehicle Refueling Property Credit (AFVRPC)

Financial Assistance: For installing EV charging stations, particularly in non-urban and low-income areas.

Cost Reduction Opportunity: For tax-exempt entities setting up EV charging stations, especially in eligible census tracts.

#### Elective Pay (aka "Direct Pay")

This financing mechanism enables eligible tax-exempt entities to access tax credits. There is no cap on the amount and no competitive application process involved.

#### Registration and Compliance

[Pre-filing registration](#) and tax return submission to the IRS are required to qualify for these credits. The IRS has set up a [specific portal](#) to facilitate this crucial step.

#### Combining with Other Funding

The 45W and 30C tax credits can be used with other funding but the total can't be more than the cost of the vehicle or charging station.

These tax credits will help local communities **build clean energy** and electric vehicle projects more quickly and affordably. That means more jobs, lower energy costs for families, and advanced innovative infrastructure.

\*Please note, the details shared here are for informational purposes and should not substitute for professional tax advice.

# FREQUENTLY ASKED QUESTIONS:

## Eligibility:

Q: Who can get the 45W vehicle credit and the 30C charging station credit?

A: Entities that purchase new clean vehicles for public road use or install EV charging stations may be eligible for tax credits. For vehicles, the credit amount varies based on the vehicle's weight: up to \$7,500 for qualified vehicles weighing under 14,000 pounds, and up to \$40,000 for all other vehicles. For EV charging stations, the credit is 6% of the project's cost, which can increase to 30% if prevailing wage and apprenticeship (PWA) requirements are met. The maximum credit is capped at \$100,000 per charger.

## Credit Utilization Examples:

Q: Could you provide examples of how these credits might be utilized?\*

A: Sure! Let's look at two scenarios for each credit:

### 45W COMMERCIAL CLEAN VEHICLE CREDIT

#### EXAMPLE A: Full Capacity Usage

Cost of Electric Passenger Vehicle:	\$35,000
Credit Claimed:	\$7,500
<b>Total Cost after Credit:</b>	<b>\$27,500</b>

The credit is fully utilized, staying within the vehicle cost and credit limit.

#### EXAMPLE B: Credit Reduced to Zero

Cost of Electric Heavy-Duty Truck:	\$150,000
Other Grants and Funding:	\$150,000
<b>Potential Credit (30%):</b>	<b>up to \$40,000</b>

#### Credit Reduced to Zero

The entire cost of the truck is covered by other grants and funding; hence, the tax credit is not utilized.

### 30C ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT

#### EXAMPLE A: Full Capacity Usage

Install Cost / EV Charging Station:	\$20,000
Credit Claimed with PWA (30%):	\$6,000
<b>Total Cost after Credit:</b>	<b>\$14,000</b>

The full credit is claimed, meeting PWA requirements and hitting the cap.

#### EXAMPLE B: Credit Reduced to Zero

Install Cost / EV Charging Station:	\$20,000
Other Grants and Funding:	\$20,000
<b>Potential Credit (30%):</b>	<b>\$6,000</b>

With full coverage by other funding, the credit is reduced to \$0.

\*Remember, the property or vehicle must be used in the U.S. and put into service the same tax year that you're claiming the credit.

## Contact Information:

For additional support with the pre-filing registration process, please email

[irs.elective.payment.or.transfer.of.credit@irs.gov](mailto:irs.elective.payment.or.transfer.of.credit@irs.gov)

For any general questions about these tax credits, please email [infrastructure@electrificationcoalition.org](mailto:infrastructure@electrificationcoalition.org)

## Additional Resources:

### USDN and Partners:

Webinar: IRA Elective Pay Learn How to Claim and Receive Payment

[Video](#) and [Slides](#)

### Electrification Coalition:

Direct/Elective Pay Under the IRA [Webpage](#)

### Lawyers for Good Government:

Elective Pay & IRA Tax [Incentives Resources Page](#)