## **CPA**

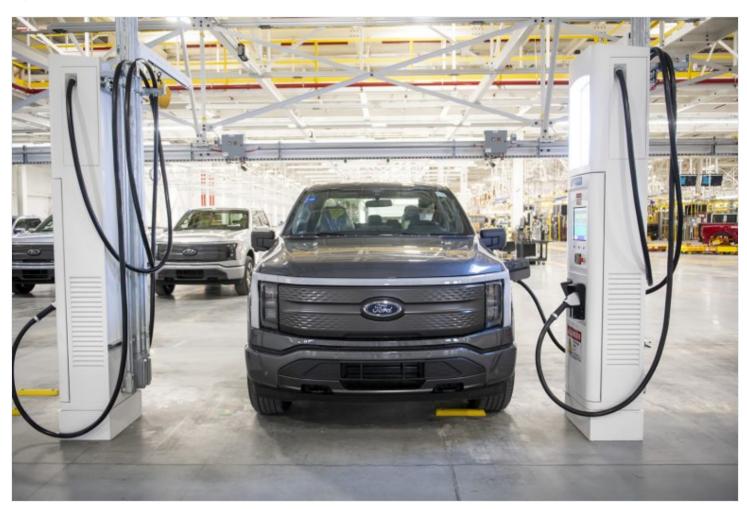
## Practice Advisor

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have one eligible plug-in hybrid model.

Apr. 17, 2023



An assembled Ford F-150 Lightning is charged up at the Ford Rouge Electric Vehicle Center, in Dearborn, March 2, 2022. The electric truck is among the vehicles that qualify for the full \$7,500 federal tax credit for new EV purchases. (David Guralnick/The Detroit News/TNS)

## By Ari Natter and Keith Laing, Bloomberg News (TNS)

Only 10 electric and plug-in hybrid vehicles will qualify for \$7,500 federal tax credits in the U.S. after stricter battery-sourcing rules take effect and render most plug-in models ineligible.

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vehicles made by Tesla, Ford and Stellantis will qualify for half credits, meaning \$3,750 will be available to eligible consumers.

The list released Monday makes official what many manufacturers feared: that consumers will miss out on federal incentives for their EVs because not enough of their battery components or raw materials are sourced from North America or countries with U.S. free-trade agreements.

Volkswagen AG, Hyundai Motor Co., Nissan Motor Co., BMW AG, Volvo Car AB and Rivian Automotive Inc. each have had vehicles eligible for at least partial credits early this year that no longer will be eligible as of Tuesday.

And several EVs—including Ford's Mustang Mach-E sport utility vehicle and the Standard Range version of Tesla's Model 3 sedan—will see their credits shrink to \$3,750 from \$7,500.

The full tax credit will be even tougher to come by for another few months than the government's list suggests. Three of the 10 that qualify—electric versions of GM's Chevrolet Silverado pickup and Blazer and Equinox SUVs—aren't available until this summer or fall.

The stringency of the sourcing rules within the IRA are a feature, not a bug. West Virginia Sen. Joe Manchin initially balked at the Biden administration's efforts to expand the availability of EV credits, citing long waiting lists that reflected manufacturers' inability to keep up with demand. He came around only on the condition that incentives go to companies producing EVs in North America with localized supply chains. Credits also are restricted to vehicles under certain price thresholds and limited to taxpayers below income caps.

The Biden administration did give automakers some wiggle room on the

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plans to spend more than \$52 billion on EV and battery manufacturing projects in the six months after the law passed, according to BloombergNEF.

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