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dealers who offered the tax credit.

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*By Kelley R. Taylor, Kiplinger Consumer News Service (TNS)*

Most eligible buyers of qualifying electric vehicles this year are taking their federal EV tax credit at the point of sale. That's according to recent data from the U.S. Treasury Department.

Since Jan. 1, when the point-of-sale credit became available, more than 100,000 eligible buyers (about 90%) have claimed the credit on new electric vehicles at

dealerships. About 75% of used EV buyers have opted for the \$4,000 credit at the time

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The federal EV tax credit is part of the Inflation Reduction Act, significant tax and climate legislation passed two years ago to promote clean energy. This credit provides up to \$7,500 for certain types of electric vehicles, commonly known as “clean vehicles,” to encourage more people to use EVs.

The amount of credit you can receive for your EV depends on various factors, like the vehicle's sourcing and assembly. To be eligible for the full credit, the vehicle must be predominantly sourced and assembled in North America. If you are considering a used, previously owned electric vehicle you may receive a tax credit of up to \$4,000 or 30% of the sales price (whichever is less).

There has been ongoing uncertainty over which EVs qualify for the tax credit due to several new rules that kicked in at the beginning of this year. About 20 EVs are currently eligible for the federal credit. To see which vehicles qualify, visit the [fueleconomy.gov](https://www.fueleconomy.gov) website.

## EV point-of-sale rebate

Despite the uncertainty, as of Jan. 1, 2024, eligible consumers can take the federal EV tax credit of up to \$7,500 as a discount at the point of sale when they purchase a qualifying vehicle. (Previously, eligible buyers could only claim the credit when they filed their federal income tax returns.)

The point-of-sale credit essentially operates like an instant rebate.

- If you transfer the 2024 EV tax credit to the dealer, they can reduce the price of the vehicle by the credit amount.
- That means you can benefit from the tax break at the time of purchase without waiting until it's time to file your tax return.
- The federal government then reimburses the dealer for the credit amount.

**Note:** To pass on EV tax credit savings to consumers at the point of sale, dealers must

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To claim a federal tax break on a qualifying electric vehicle, your modified adjusted gross income should not exceed \$150,000 (for single filers), \$225,000 (for head of household filers), or \$300,000 (for married filing jointly). Buyers should meet this requirement at the time of purchase.

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