

2007 Form 8910, Alternative Motor Vehicle Credit

Purpose: This is the first circulated draft of the 2007 Form 8910, Alternative Motor Vehicle Credit, for your review and comments. The major changes are listed below.

TPCC Meeting: None, but one may be arranged if requested.

Prior Version: The 2006 Form 8910 is available at:
<http://www.irs.gov/pub/irs-pdf/f8910.pdf>

Other Products: Circulations of draft tax forms, instructions, notices, and publications are posted at:
http://taxforms.web.irs.gov/draft_products.html

Comments: Please email, fax, call, or mail any comments to me and email the reviewer, William Woolf, Jr. @ William.P.Woolf@irs.gov by June 29, 2007.

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2007 Form 8910 Major Changes

On the Form

1] The Form 3800 line reference on line 10 is changed from to "1v" to "1s" because the lines on the 2007 Form 3800 are renamed.

2] Two changes regarding lines 14a and 14b:

- Lines 14a and 14b (representing the foreign tax credit and the personal tax credits from Forms 1040 (or 1040NR)) are switched in place (re-ordered) because IRC 26(a)(2) does not (yet) provide for the old ordering of the credits/lines. If/when the Congress passes legislation to again offset the AMT, Forms 1040 and 1040NR will be revised again and we will switch these line numbers back to (or close to) their 2006 values.

- Line 14a (old line 14b), is changed to reflect the new line references on the 2007 Forms 1040 and 1040NR due to IRC 26(a)(1).

3] All references to 2006 are changed to 2007.

In the Instructions

1] The **What's New** area is removed. The paragraph which was therein is now moved under **Purpose of Form** as the second paragraph.

2] In the 2nd column, page 2, under the heading **Exception**, information on heavy-duty hybrid vehicles is added. Essentially, the 8,500 pound classification is added for both cars and heavy-duty vehicles, per Notice 2007-46. We made a related change at the bottom of column 1.

3] Under Credit Phaseout, we added "(reduction)" at the suggestion of a TAP Ad Hoc Committee review.

4] On page 3, the first **Caution** is deleted since guidance on all currently available vehicles has been issued.

5] On page 3 the **Model Year 2005** information is deleted and the **Model Year 2008** information is added. The 2006 Honda Civic GX and Saturn Aura Hybrid models are added to the lists of eligible cars.

6] In the **Line 6** instructions, the examples of likely personal use vehicles are removed because they were misleading.

7] **Line 9** instructions are added at the suggestion of a TAP Ad Hoc Committee review.

8] We expect the American Honda Motor Company, Inc. to hit the phaseout level this year. We will revise the instructions once an announcement is made.

9] The year references are updated, where necessary.

Name(s) shown on return

Identifying number

Part I Tentative Credit

Use a separate column for each vehicle. If you need more columns, use additional Forms 8910 and include the totals on lines 8 and 12.

	(a)	(b)	(c)
1 Year, make, and model of vehicle	1		
2 Enter date vehicle was placed in service (MM/DD/YYYY)	2 / /	/ /	/ /
3 Maximum credit allowable (see instructions)	3		
4 Phaseout percentage (see instructions)	4 %	%	%
5 Tentative credit. Multiply line 3 by line 4	5		

Part II Credit for Business/Investment Use Part of Vehicle

6 Business/investment use percentage (see instructions)	6 %	%	%
7 Multiply line 5 by line 6	7		
8 Add columns (a) through (c) on line 7		8	
9 Alternative motor vehicle credit from partnerships and S corporations		9	
10 Business/investment use part of credit. Add lines 8 and 9. Partnerships and S corporations, report this amount on Schedule K; all others, report this amount on Form 3800, line 1s		10	

Part III Credit for Personal Use Part of Vehicle

11 Subtract line 7 from line 5	11		
12 Add columns (a) through (c) on line 11		12	
13 Regular tax before credits: <ul style="list-style-type: none"> • Individuals. Enter the amount from Form 1040, line 44 (or Form 1040NR, line 41) • Other filers. Enter the regular tax before credits from your return 		13	
14 Credits that reduce regular tax before the alternative motor vehicle credit: <ul style="list-style-type: none"> a Credits from Form 1040, lines 47 through 50 and 52 through 54 (or Form 1040NR, lines 44, 45, and 47 through 49) b Foreign tax credit c Qualified electric vehicle credit (Form 8834, line 20) d Add lines 14a through 14c 	14a 14b 14c	14d	
15 Net regular tax. Subtract line 14d from line 13. If zero or less, stop here; do not file this form unless you are claiming a credit on line 10		15	
16 Tentative minimum tax (see instructions): <ul style="list-style-type: none"> • Individuals. Enter the amount from Form 6251, line 33 • Other filers. Enter the tentative minimum tax from your alternative minimum tax form or schedule 		16	
17 Subtract line 16 from line 15. If zero or less, stop here; do not file this form unless you are claiming a credit on line 10		17	
18 Personal use part of credit. Enter the smaller of line 12 or 17 here and on Form 1040, line 55; Form 1040NR, line 50; or the appropriate line of your return. If line 17 is smaller than line 12, see instructions		18	

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Use Form 8910 to figure your credit for alternative motor vehicles you placed in service during your tax year. The credit attributable to depreciable property (vehicles used for business or investment purposes) is treated as a general business credit. Any credit not attributable to depreciable property is treated as a personal credit.

Taxpayers that are not partnerships or S corporations, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1s of Form 3800.



If your vehicle was used only for personal purposes during the year, and you owe alternative minimum tax (for example, Form 1040, line 45, is more than zero), do not complete Form 8910 because your allowable credit will be zero.

Alternative Motor Vehicle

An alternative motor vehicle is a new vehicle that qualifies as one of the following four types of vehicles.

- **Advanced lean burn technology vehicle.** This is a vehicle with an internal combustion engine that incorporates direct injection, is designed to operate primarily using more air than is necessary for complete combustion of the fuel, and that meets certain additional requirements.
- **Qualified hybrid vehicle.** This is a vehicle that draws propulsion energy from onboard sources of stored energy that are both an internal combustion or heat engine using consumable fuel and a rechargeable energy storage system and that meets certain additional requirements.
- **Qualified alternative fuel vehicle.** This is a vehicle fueled by compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, any liquid that is at least 85 percent methanol, or a mixture of one of these fuels and a petroleum-based fuel, and that meets certain additional requirements.
- **Qualified fuel cell vehicle.** This is a vehicle propelled by power derived from one or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel and that meets certain additional requirements.

Generally, for a qualified alternative fuel motor vehicle, an advanced lean burn technology vehicle, or for a passenger car or truck (light or heavy duty) that is a qualified hybrid vehicle, you can rely on the manufacturer's (or, in the case of a foreign manufacturer, its domestic distributor's) certification that a specific make, model, and model year vehicle qualifies for the credit and the maximum amount of the credit for which it qualifies.

If, however, the Internal Revenue Service publishes an announcement that the certification for any specific make, model, and model year vehicle has been withdrawn, you cannot rely on the certification for such a vehicle purchased after the date of publication of the withdrawal announcement.

If you purchased a vehicle and its certification was withdrawn on or after the date of purchase, you can rely on such certification even if you had not placed the vehicle in service or claimed the credit by the date the withdrawal announcement was published by the IRS. The IRS will not attempt to collect any understatement of tax liability attributable to reliance on the certification as long as you purchased the vehicle on or before the date the IRS published the withdrawal announcement.

In addition to certification, the following requirements must be met to qualify for the credit:

- You placed the vehicle in service after 2005;
- The original use of the vehicle began with you;
- You acquired the vehicle for your use or to lease to others, and not for resale; and
- You use the vehicle primarily in the United States.

Exception. If you are the seller of a new vehicle to a tax-exempt organization, governmental unit, or a foreign person or entity, and the use of that vehicle is described in section 50(b)(3) or (4), you can claim the credit, but only if you clearly disclose in writing to the purchaser the amount of the tentative credit allowable for the vehicle (from line 5 of Form 8910).

For details, see section 30B, Notice 2006-9 (qualified hybrid vehicles weighing 8,500 pounds or less and advanced lean burn technology vehicles), Notice 2007-46 (qualified hybrid vehicles weighing more than 8,500 pounds), and Notice 2006-54 (qualified alternative fuel vehicles). You can find Notice 2006-9 on page 413 of Internal Revenue Bulletin (IRB) 2006-6 at www.irs.gov/pub/irs-irbs/irb06-06.pdf. You can find Notice 2007-46 on page 1342 of IRB 2007-23 at www.irs.gov/pub/irs-irbs/irb07-23.pdf. You can find Notice 2006-54 on page 1180 of IRB 2006-26 at www.irs.gov/pub/irs-irbs/irb06-26.pdf.

Credit Phaseout

The credit for qualified hybrid and advanced lean burn technology vehicles is subject to a phaseout (reduction) once the vehicle manufacturer (or, for a foreign manufacturer, its U.S. distributor) sells 60,000 of these vehicles for use in the United States after 2005. The phaseout begins in the second calendar quarter after the quarter in which the 60,000th vehicle was sold. Then the phaseout allows 50% of the full credit for 2 quarters, 25% of the full credit for 2 additional quarters, and no credit thereafter.

Basis Reduction

Unless you elect not to claim the credit, you may have to reduce the basis of each vehicle by the sum of the amounts entered on lines 7 and 11 for that vehicle.

Recapture of Credit

If the vehicle no longer qualifies for the credit, you must recapture part or all of the credit. For details, see section 30B(h)(8).

Specific Instructions

Line 3

Enter the **maximum** credit allowable (before reduction under the phaseout rules) for the year, make, and model of vehicle you entered on line 1. You can generally rely on the manufacturer's (or domestic distributor's) certification of the maximum credit allowable as explained above.

Maximum credit allowable. Maximum credit allowable amounts acknowledged by the IRS for model years 2006 through 2008 before this form went to print in December 2007 are listed below.



This list contains information from IRS news releases available at the time this form went to print. To check for information on model year 2005 vehicles or for later IRS news releases that may update this list, visit www.irs.gov and search for "hybrid."

Model Year 2006

- Chevrolet Silverado 2WD Hybrid Pickup Truck—\$250
- Chevrolet Silverado 4WD Hybrid Pickup Truck—\$650
- Ford Escape Hybrid (Front) 2WD—\$2,600
- Ford Escape Hybrid 4WD—\$1,950
- GMC Sierra 2WD Hybrid Pickup Truck—\$250
- GMC Sierra 4WD Hybrid Pickup Truck—\$650
- Honda Accord Hybrid AT and Navi AT without updated calibration—\$650
- Honda Accord Hybrid AT and Navi AT with updated calibration—\$1,300
- Honda Civic GX—\$4,000
- Honda Civic Hybrid CVT—\$2,100
- Honda Insight CVT—\$1,450
- Lexus RX400h 2WD and 4WD—\$2,200
- Mercury Mariner Hybrid 4WD—\$1,950
- Toyota Highlander 2WD and 4WD Hybrid—\$2,600
- Toyota Prius—\$3,150

Model Year 2007

- Chevrolet Silverado 2WD Hybrid Pickup Truck—\$250
- Chevrolet Silverado 4WD Hybrid Pickup Truck—\$650
- Ford Escape Hybrid 2WD—\$2,600
- Ford Escape Hybrid 4WD—\$1,950
- GMC Sierra 2WD Hybrid Pickup Truck—\$250
- GMC Sierra 4WD Hybrid Pickup Truck—\$650
- Honda Accord Hybrid AT and Navi AT—\$1,300
- Honda Civic GX—\$4,000
- Honda Civic Hybrid CVT—\$2,100
- Lexus GS 450h—\$1,550

- Lexus RX 400h 2WD and 4WD—\$2,200
- Mercury Mariner 4WD Hybrid—\$1,950
- Nissan Altima Hybrid—\$2,350
- Saturn Aura Hybrid—\$1,300
- Saturn Vue Green Line—\$650
- Toyota Camry Hybrid—\$2,600
- Toyota Prius—\$3,150
- Toyota Highlander Hybrid 2WD and 4WD—\$2,600

Model Year 2008

- Ford Escape 2WD Hybrid—\$3,000
- Ford Escape 4WD Hybrid—\$2,200
- Mercury Mariner 2WD Hybrid—\$3,000
- Mercury Mariner 4WD Hybrid—\$2,200

Line 4

Enter 100% unless the vehicle is a qualified hybrid or advanced lean burn technology vehicle manufactured by the Toyota Motor Corporation. Enter the following percentage if the vehicle is a Toyota or Lexus qualified hybrid or advanced lean burn technology vehicle.

- 100% if you purchased it before October 1, 2006.
- 50% if you purchased it after September 30, 2006, but before April 1, 2007.
- 25% if you purchased it after March 31, 2007, but before October 1, 2007.
- 0% if you purchased it after September 30, 2007.



At the time these instructions went to print, only Toyota Motor Corporation sold vehicles subject to the credit phaseout. However, if you are filing a 2007 Form 8910 for a fiscal year that ends after June 30, 2008, and you purchased a qualified hybrid or advanced lean burn technology vehicle from another manufacturer after that date, you may be subject to a 50% phaseout percentage. You can visit www.irs.gov and search for "hybrid" to get the latest phaseout information.

Line 6

Enter the percentage of business/investment use.

Enter 100% if the nature of the vehicle does not lend itself to personal use or you are claiming the credit as the seller of the vehicle.

If the nature of the vehicle lends itself to personal use, determine this percentage by dividing the number of miles the vehicle is driven during the year for trade or business purposes or for the production of income (not to include any commuting mileage) by the total number of miles the vehicle is driven for all purposes. Treat vehicles used by your employees as being used 100% for business/investment purposes if the value of personal use is included in the employees' gross income, or the employees reimburse you for the personal use. If you report the amount of personal use of the vehicle in your employee's gross income and withhold the appropriate taxes, enter 100% for the percentage of business/investment use.

If during the tax year you convert property used solely for personal purposes to business/investment use (or vice versa), figure the percentage of business/ investment use only for the number of months you use the property in your business or for the production of income. Multiply that percentage by the number of months you use the property in your business or for the production of income and divide the result by 12. For example, if you converted a vehicle to 50% business use for the last 6 months of the year, you would enter 25% on line 6 (50% multiplied by 6 divided by 12).

For more information, see Pub. 463, Travel, Entertainment, Gift, and Car Expenses.

Line 9

Enter total alternative motor vehicle credits from:

- Schedule K-1 (Form 1065), box 15 (code P)
- Schedule K-1 (Form 1120S), box 13 (code P)

Line 16

Although you may not owe alternative minimum tax (AMT), you must still figure the tentative minimum tax (TMT) to figure your allowable credit. Complete and attach the applicable AMT form or schedule and enter the TMT on line 16.

Line 18

If you cannot use part of the personal portion of the credit because of the tax liability limit, the unused credit is lost. The unused personal portion of the credit cannot be carried back or forward to other tax years.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

Recordkeeping9 hr., 19 min.
Learning about the law or the form12 min.
Preparing and sending the form to the IRS21 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.