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# Instructions for Form 8936

(Rev. January 2023)



Department of the Treasury  
Internal Revenue Service

## Qualified Plug-in Electric Drive Motor Vehicle Credit (Including Qualified Two-Wheeled Plug-in Electric Vehicles and New Clean Vehicles)

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 8936 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8936](https://www.irs.gov/Form8936).

### What's New

**Credit for two-wheeled vehicles.** The credit for qualified two-wheeled plug-in electric vehicles expired for vehicles acquired after 2021. However, if you acquired the two-wheeled vehicle in 2021, but placed it in service during 2022, you may still be able to claim the credit for 2022. Do not report two-wheeled vehicles acquired after 2021 on Form 8936.

The credit is for qualified plug-in electric drive motor vehicles placed in service before 2023, qualified two-wheeled plug-in electric vehicles acquired before but placed in service in 2022, and new clean vehicles placed in service after 2022.

Phaseout for Toyota vehicles. For more information, see the instructions for [Line 4b](#)

Toyota, Tesla, and GM vehicles sold after 2022 will no longer be subject to a credit phaseout.

## General Instructions

### Purpose of Form

Use Form 8936 to figure your credit for qualified plug-in electric drive motor vehicles and new clean vehicles you placed in service during your tax year. Also use Form 8936 to figure your credit for certain qualified two-wheeled plug-in electric vehicles discussed under [What's New](#), earlier.

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.

Partnerships and S corporations must file this form to claim the credit. All other taxpayers are not required to complete or file this form if their only source for this credit is a partnership or S corporation. Instead, they can report this credit directly on line 1y in Part III of Form 3800, General Business Credit.

### Which Revision To Use

Use these January 2023 instructions with the January 2022 revision of Form 8936 for tax years beginning in 2022 or later, until a later revision is issued. Use prior revisions of these instructions for earlier tax years. All revisions are available at [IRS.gov/Form8936](https://www.irs.gov/Form8936).

### Qualified Plug-in Electric Drive Motor Vehicle

This is a new vehicle with at least four wheels that was placed in service before January 1, 2023.

- Is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than 4 kilowatt hours and is capable of being recharged from an external source of electricity, and
- Has a gross vehicle weight of less than 14,000 pounds.

**Credit requirements.** The following requirements must be met to qualify for the credit:

- You are the owner of the vehicle. If the vehicle is leased, only the lessor and not the lessee, is entitled to the credit.
- You placed the vehicle in service during your tax year.
- The vehicle is manufactured primarily for use on public streets, roads, and highways.
- The original use of the vehicle began with you.
- You acquired the vehicle for use or to lease to others, and not for resale.
- You use the vehicle primarily in the United States.

### Qualified Two-Wheeled Plug-in Electric Vehicle

This is a new vehicle with two wheels that was acquired before 2022 and placed in service in 2022.

- Is capable of achieving a speed of 45 miles per hour or greater,
- Is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than 2.5 kilowatt hours and is capable of being recharged from an external source of electricity, and
- Has a gross vehicle weight of less than 14,000 pounds.

**Credit requirements.** The following requirements must be met to qualify for the credit:

- You are the owner of the vehicle. If the vehicle is leased, only the lessor and not the lessee, is entitled to the credit.
- You placed the vehicle in service during your tax year.
- The vehicle is manufactured primarily for use on public streets, roads, and highways.
- The original use of the vehicle began with you.
- You acquired the vehicle for use or to lease to others, and not for resale.
- You use the vehicle primarily in the United States.

### Clean Vehicle

This is a new vehicle with at least four wheels that was placed in service after December 31, 2022.

- Is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than 7 kilowatt hours and is capable of being recharged from an external source of electricity, and
- Has a gross vehicle weight of less than 14,000 pounds and made by a qualified manufacturer.

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**Credit requirements.** The following requirements must be met to qualify for the credit:

- You are the owner of the vehicle. If the vehicle is leased, only the lessor and not the lessee, is entitled to the credit.
- You placed the vehicle in service during your tax year.
- The vehicle is made by a qualified manufacturer and manufactured primarily for use on public streets, roads, and highways.
- The original use of the vehicle began with you.
- You acquired the vehicle for use or to lease to others, and not for resale.
- You use the vehicle primarily in the United States.

## Certification and Other Requirements

Generally, you can rely on the manufacturer's (or, in the case of a foreign manufacturer, its domestic distributor's) certification to the IRS that a specific make, model, and model year vehicle qualifies for the credit and, if applicable, the amount of the credit for which it qualifies. The manufacturer or domestic distributor should be able to provide you with a copy of the IRS letter acknowledging the certification of the vehicle.

If, however, the IRS 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 acquired after the date of publication of the withdrawal announcement.

If you acquired a vehicle and its certification was withdrawn on or after the date you acquired it, 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 acquired the vehicle on or before the date the IRS published the withdrawal announcement.

**Exception.** If you are the seller of a qualified plug-in electric drive motor vehicle or qualified two-wheeled plug-in electric 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 11 of Form 8936). Treat all vehicles eligible for this exception as business/investment property. If you elect to claim the credit, you must reduce cost of goods sold by the amount you entered on line 11 for that vehicle.

**More information.** For details, see the following.

- Section 30D.
- P.L. 117-169, sec. 13401.
- Notice 2009-89, 2009-48 I.R.B. 714, available at [IRS.gov/irb/2009-48\\_IRB#NOT-2009-89](https://www.irs.gov/irb/2009-48_IRB#NOT-2009-89).
- Notice 2013-67, 2013-45 I.R.B. 470, available at [IRS.gov/irb/2013-45\\_IRB#NOT-2013-67](https://www.irs.gov/irb/2013-45_IRB#NOT-2013-67).
- Notice 2016-51, 2016-37 I.R.B. 344, available at [IRS.gov/irb/2016-37\\_IRB#NOT-2016-51](https://www.irs.gov/irb/2016-37_IRB#NOT-2016-51).

## Credit Phaseout

The credit for vehicles with at least four wheels is subject to a phaseout (reduction) once the vehicle manufacturer (or, for a foreign manufacturer, its U.S. distributor) sells 200,000 of these vehicles to a retailer for use in the United States after 2009. The phaseout begins in the second calendar quarter after the quarter in which the 200,000th 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 11 and 18 for that vehicle.

## Coordination With Other Credits

A vehicle that qualifies for the qualified plug-in electric drive motor vehicle credit on this form cannot be used to claim the alternative motor vehicle credit on Form 8910.

## Recapture of Credit

If the vehicle no longer qualifies for the credit, you may have to recapture part or all of the credit. For details, see section 30D(f)(5).

## Specific Instructions

### Line 2

Enter the vehicle's vehicle identification number (VIN) on line 2. The VIN of a vehicle can be obtained from the registration, title, proof of insurance, or actual vehicle. Generally, the VIN is 17 characters made up of numbers and letters.

### Line 4a

For two-wheeled vehicles, enter the cost of the vehicle you entered on line 1. For vehicles with at least four wheels, enter the credit allowable 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 to the IRS of the credit allowable as explained above.

Tentative credit amounts acknowledged by the IRS are available at [IRS.gov/pluginvehiclecreditamounts](https://www.irs.gov/pluginvehiclecreditamounts).



*For any vehicles subject to a reduced credit (discussed next), enter the original unreduced credit amount on line 4a.*

### Line 4b

Enter 100% unless the vehicle was a vehicle with at least four wheels manufactured by Toyota, Tesla or General Motors (Chevrolet Bolt EV, etc.).

**Toyota.** Enter the following percentage if the vehicle was manufactured by Toyota:

- 100% if you purchased it before October 1, 2022.
- 50% if you purchased it after September 30, 2022, but before January 1, 2023.
- 100% if you purchased it after December 31, 2022.

**Tesla.** Enter 100% if the vehicle was acquired after December 31, 2022. The credit was not available for Tesla vehicles acquired after December 31, 2019, and before January 1, 2023. For more information, see Notice 2018-96, 2018-52 I.R.B.1061, available at [IRS.gov/irb/2018-52\\_IRB#NOT-2018-96](https://www.irs.gov/irb/2018-52_IRB#NOT-2018-96).

**General Motors.** Enter 100% if the vehicle was acquired after December 31, 2022. The credit was not available for General Motors vehicles acquired after March 31, 2020, and before January 1, 2023. For more information, see Notice

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2019-22, 2019-14 I.R.B. 931, available at [IRS.gov/irb/2019-14\\_IRB#NOT-2019-22](https://www.irs.gov/irb/2019-14_IRB#NOT-2019-22).

**Line 5**

Enter the percentage of business/investment use.

Enter 100% if the vehicle is used solely for business purposes or you are claiming the credit as the seller of the vehicle.

If the vehicle is used for both business purposes and personal purposes, determine the percentage of business use by dividing the number of miles the vehicle is driven during the year for 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 5 (50% multiplied by 6 divided by 12).

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

**Line 7**

Enter any section 179 expense deduction you claimed for the vehicle from Part I of Form 4562, Depreciation and Amortization.

**Line 13**

Enter total qualified plug-in electric drive motor vehicle credits from:

- Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., box 15 (code P); and
- Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., box 13 (code P).

Partnerships and S corporations report the above credits on line 13. All other filers figuring a separate credit on earlier lines also report the above credits on line 13. All others not using earlier lines to figure a separate credit can report the above credits directly on Form 3800, Part III, line 1y.

**Line 18**

Use the following worksheet to figure the amount to enter on line 18 for a vehicle placed in service after 2022.

**Modified Adjusted Gross Income (MAGI) Income Limitation**

Keep for Your Records 

**MAGI Limitation Worksheet**

1. Enter \$150,000 (\$300,000 if married filing jointly or a qualifying surviving spouse; \$225,000 if head of household) .....		1.	_____
2. a. Enter the amount from line 11 of your current year Form 1040, 1040-SR, or 1040-NR .....	2a.	_____	
b. Enter any income from Puerto Rico you excluded .....	2b.	_____	
c. Enter any amount from Form 2555, line 45 .....	2c.	_____	
d. Enter any amount from Form 2555, line 50 .....	2d.	_____	
e. Enter any amount from Form 4563, line 15 .....	2e.	_____	
3. Add lines 2a through 2e .....		3.	_____
4. a. Enter the amount from line 11 of your prior year Form 1040, 1040-SR, or 1040-NR .....	4a.	_____	
b. Enter any income from Puerto Rico you excluded .....	4b.	_____	
c. Enter any amount from Form 2555, line 45 .....	4c.	_____	
d. Enter any amount from Form 2555, line 50 .....	4d.	_____	
e. Enter any amount from Form 4563, line 15 .....	4e.	_____	
5. Add lines 4a through 4e .....		5.	_____
6. Enter the smaller of line 3 or line 5 .....		6.	_____
7. Subtract line 6 from line 1 .....		7.	_____
If line 7 is:			
• Less than zero, enter 0- on line 18.			
• Zero or more, enter the amount from line 15 on line 18.			

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**Line 21**

Enter the total, if any, credits from Schedule 3 (Form 1040), lines 1 through 4, 6d, 6e, and 6l; and Form 5695, line 30.

**Line 23**

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 and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123 and is included in the estimates shown in the instructions for their individual and business income tax return. The estimated burden for all other taxpayers who file this form is shown below.

<b>Recordkeeping</b> . . . . .	4 hr., 4 min.
<b>Learning about the law or the form.</b> . . . . .	35 min.
<b>Preparing and sending the form to the IRS.</b> . . . . .	41 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.