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# Instructions for Form 8936



Department of the Treasury  
Internal Revenue Service

(Rev. January 2023)

## 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

**Qualified plug-in electric drive motor vehicles.** The credit for these plug-in vehicles is not available for vehicles placed in service after 2022. See [Qualified Plug-in Electric Drive Motor Vehicle](#), later.

**New clean vehicles.** The credit for new clean vehicles is available for vehicles placed in service after 2022. See [New Clean Vehicle](#), later.

**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.

**New qualified fuel cell motor vehicles.** The credit for these vehicles is now available under the credit for new clean vehicles for vehicles placed in service after 2022. A credit for these vehicles was formerly allowed on Form 8910, Alternative Motor Vehicle Credit.

**Phaseout for Toyota vehicles.** See the instructions for [Line 4b](#).

**Phaseout ending after 2022.** Toyota, Tesla, and General Motors (GM) vehicles sold after 2022 will no longer be subject to a credit phaseout.

**Transition rule.** See the instructions for [Line 3](#).

## General Instructions

### Purpose of Form

Use Form 8936 to figure your credit for qualified plug-in electric drive motor 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 and new clean 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 the January 2023 revision of Form 8936 for tax years beginning in 2022 or later, until a later revision is issued. Use prior revisions of the form 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 placed in service before 2023 that:

- 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;
- Is manufactured primarily for use on public streets, roads, and highways;
- Has a gross vehicle weight of less than 14,000 pounds; and
- Meets certain additional requirements discussed under [Certification and Other Requirements](#), later.

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

This is a new vehicle with two wheels acquired before 2022 that:

- 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;
- Is manufactured primarily for use on public streets, roads, and highways;
- Has a gross vehicle weight of less than 14,000 pounds; and
- Meets certain additional requirements discussed under [Certification and Other Requirements](#), later.

### Certification and Other Requirements

Generally, for qualified plug-in electric drive motor vehicles and qualified two-wheeled plug-in electric vehicles, 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.

The following additional 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 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.
- For vehicles purchased after August 16, 2022, the final assembly of the vehicle must occur within North America. For more information, see the updated information for consumers at [IRS.gov/pluginvehiclecreditamounts](https://www.irs.gov/pluginvehiclecreditamounts).

**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.

- 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).

## New Clean Vehicle

This is a new vehicle with at least four wheels placed in service after 2022 that:

- 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;
- Is manufactured primarily for use on public streets, roads, and highways;
- Has a gross vehicle weight of less than 14,000 pounds;
- Had its final assembly within North America;
- Has a manufacturer's suggested retail price of not more than \$55,000 (\$80,000 for a van, SUV, or pickup truck); and
- Meets certain additional requirements discussed under [New Clean Vehicle Certification and Other Requirements](#), later.

## New Qualified Fuel Cell Motor Vehicle

This is a new vehicle with at least four wheels placed in service after 2022 that:

- Is propelled by power derived from one or more cells that convert chemical energy directly into electricity by combining oxygen with hydrogen fuel;
- Is manufactured primarily for use on public streets, roads, and highways;
- Had its final assembly within North America;

- Has a manufacturer's suggested retail price of not more than \$55,000 (\$80,000 for a van, SUV, or pickup truck); and
- Meets certain additional requirements discussed under [New Clean Vehicle Certification and Other Requirements](#), later.

## New Clean Vehicle Certification and Other Requirements

Generally, for new clean vehicles (other than new qualified fuel cell motor vehicles), the vehicle must have been manufactured by a qualified manufacturer. A qualified manufacturer is a manufacturer who has entered into a written agreement with the IRS under which the manufacturer agrees to make periodic written reports to the IRS providing vehicle identification numbers (VINs) and other information about their new clean vehicles. Information and certifications contained in these reports will help identify which vehicles qualify for the new clean vehicle credit. Manufacturers of fuel cell vehicles were also encouraged to file these reports.

The seller of new clean vehicles (including fuel cell vehicles) will provide a report to the purchaser (and send a copy to the IRS) providing information needed to claim the credit including the following.

- The purchaser's name and taxpayer identification number.
- The vehicle's VIN.
- Verification that the original use of the vehicle begins with the purchaser.
- The maximum new clean vehicle credit allowable for the vehicle.

The following additional 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 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.

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

- IRC 30D (as amended by the Inflation Reduction Act of 2022).
- Rev. Proc. 2022-42.

## Credit Phaseout

The credit for qualified plug-in electric drive motor vehicles sold before 2023 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. The phaseout does not apply to vehicles sold after 2022.

## 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 credit on this form cannot be used to claim the alternative motor vehicle credit on Form

8910 or the qualified commercial clean vehicle credit on Form 8936-A.

## 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 3

Enter 08/15/2022 if you qualify and elect to apply the transition rule discussed below.

**Transition rule.** If you purchased, or entered into a written binding contract to purchase, a qualified plug-in electric drive motor vehicle after 2021 and before August 16, 2022, you may elect to treat such vehicle as having been placed in service on August 15, 2022, the day before the enactment date of the Inflation Reduction Act of 2022. Any additional election guidance that is issued will be added to these instructions at a later date.

### 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 for qualified plug-in electric drive motor vehicles are available at [IRS.gov/pluginvehiclecreditamounts](https://www.irs.gov/pluginvehiclecreditamounts). Tentative credit amounts for new clean vehicles are provided to the purchaser by the seller at the time the vehicle is sold, and later forwarded to the IRS. See [New Clean Vehicle Certification and Other Requirements](#), earlier.



*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 2023.
- 100% if you purchased it after 2022.

**Tesla.** Enter the following percentage if the vehicle was manufactured by Tesla.

- 0% if you purchased it before 2023.

- 100% if you purchased it after 2022.

**General Motors.** Enter the following percentage if the vehicle was manufactured by GM.

- 0% if you purchased it before 2023.
- 100% if you purchased it after 2022.

### 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 the total qualified plug-in electric drive motor vehicle credits and any clean 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 Line 18 Modified Adjusted Gross Income (MAGI) Limitation Worksheet to figure the amount to enter on line 18 for a vehicle placed in service after 2022.

**Line 18 Modified Adjusted Gross Income (MAGI)  
Limitation Worksheet**

Keep for Your Records 

**1.** Enter \$150,000 (\$300,000 if married filing jointly or a qualifying surviving spouse; \$225,000 if head of household) ..... **1.** \_\_\_\_\_

**2a.** Enter the amount from line 11 of your 2022 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.** \_\_\_\_\_

**4a.** Enter the amount from line 11 of your 2021 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.

**Line 21**

Enter the total, if any, credits from Schedule 3 (Form 1040), lines 1 through 4, 6d, 6e, and 6i; 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,

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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.