



# Instructions for Form 8936-A

## Qualified Commercial Clean Vehicle Credit (Including Instructions for Schedule 1 (Form 8936-A), Qualified Commercial Clean Vehicle Credit Amount)

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

### Future Developments

For the latest information about developments related to Form 8936-A and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8936A](https://www.irs.gov/Form8936A).

### General Instructions

#### Purpose of Form

Use Form 8936-A to claim the credit for qualified commercial clean vehicles you acquired after 2022. The credit is equal to the sum of the credit amounts figured for each qualified vehicle you placed in service during your tax year.

Use Schedule 1 (Form 8936-A) to figure the qualified commercial clean vehicle credit amount for each qualified vehicle you acquired after 2022 and placed in service during your tax year.

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 1zz in Part III of Form 3800, General Business Credit.

#### Credit Amount

Generally, the credit amount for each qualified commercial clean vehicle is equal to the lesser of:

- 15% of the basis of the vehicle (30% for a vehicle not powered by a gasoline or diesel internal combustion engine), or
- The incremental cost of the vehicle.

**Incremental cost.** The incremental cost of any qualified commercial clean vehicle is an amount equal to the excess of the purchase price for the vehicle over the price of a comparable vehicle. A comparable vehicle is a vehicle powered solely by a gasoline or diesel internal combustion engine and which is comparable in size and use to such vehicle.

**Safe harbor.** Notice 2023-9 provides a safe harbor regarding the incremental cost of certain qualified commercial clean vehicles (including new qualified fuel cell motor vehicles) placed in service in calendar year 2023. The IRS will accept the use of \$7,500 as the incremental cost for all street vehicles (other than compact car plug-in hybrid electric vehicles (PHEVs)) with a gross vehicle weight rating (GVWR) of less than 14,000 pounds to figure the credit amount for vehicles placed in service during calendar year 2023. For compact car

PHEVs and certain vehicles with a GVWR of 14,000 pounds or more, the IRS will accept the incremental cost for the appropriate vehicle class determined by the Department of the Energy (DOE) [2022 Incremental Purchase Cost Methodology and Results for Clean Vehicles](#). For details, see Notice 2023-9, available at [IRS.gov/irb/2023-03\\_IRB#NOT-2023-9](https://www.irs.gov/irb/2023-03_IRB#NOT-2023-9).

**Maximum per vehicle credit amount.** The credit amount is limited to \$7,500 (\$40,000 for a vehicle with a gross vehicle weight rating (GVWR) of 14,000 pounds or more).

#### Qualified Commercial Clean Vehicle

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

- Is propelled to a significant extent by an electric motor which draws electricity from a battery that has a capacity of not less than 15 kilowatt hours (7 kilowatt hours for a vehicle with a gross vehicle weight rating of less than 14,000 pounds) and is capable of being recharged from an external source of electricity;
- Is either manufactured primarily for use on public streets, roads, and highways, or is mobile machinery as defined in section 4053(8) (including vehicles that are not designed to perform a function of transporting a load over the public highways);
- Is of a character subject to the allowance for depreciation (except for vehicles placed in service by certain tax-exempt entities); and
- Meets certain additional requirements discussed under [Certification and Other Requirements](#), later.

Certain new qualified fuel cell motor vehicles (discussed next) may also be treated as qualified commercial clean vehicles.

#### New Qualified Fuel Cell Motor Vehicle

This is a new vehicle with at least four wheels acquired and 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 either manufactured primarily for use on public streets, roads, and highways, or is mobile machinery as defined in section 4053(8) (including vehicles that are not designed to perform a function of transporting a load over the public highways);
- Is of a character subject to the allowance for depreciation (except for vehicles placed in service by certain tax-exempt entities); and
- Meets certain additional requirements discussed under [Certification and Other Requirements](#), next.

## Certification and Other Requirements

Generally, for qualified commercial clean 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 qualified commercial clean vehicles. Information and certifications contained in these reports will help identify which vehicles qualify for the qualified commercial clean vehicle credit.

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 the tax year.
- 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.

- Section 45W.
- Rev. Proc. 2022-42, 2022-52 I.R.B. 565, available at [IRS.gov/irb/2022-52\\_IRB#REV-PROC-2022-42](https://www.irs.gov/irb/2022-52_IRB#REV-PROC-2022-42).
- [IRS.gov/credits-deductions/commercial-clean-vehicle-credit](https://www.irs.gov/credits-deductions/commercial-clean-vehicle-credit).

## Tax-Exempt Entities

Vehicles placed in service by a tax-exempt entity that are not subject to a lease are not required to be subject to an allowance for depreciation. For this purpose, tax-exempt entity means:

- The United States, any state or political subdivision thereof, any possession of the United States, or any agency or instrumentality of any of the foregoing;
- An organization (other than a cooperative described in section 521) that is exempt from tax imposed by chapter 1 of the Internal Revenue Code; or
- Any Indian tribal government described in section 7701(a)(40).

For this purpose, an Indian tribal government referred to in the last bullet shall be treated in the same manner as a state.

## Basis Reduction

Unless you elect not to claim the credit, you may have to reduce the basis of each qualified vehicle by the amount entered on line 12 of Schedule 1 (Form 8936-A) for that vehicle.

## Coordination With Other Credits

A vehicle that qualifies for the new clean vehicle credit on Form 8936 cannot be used to claim the qualified commercial clean vehicle credit.

## 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 sections 45W(d)(1) and 30D(f)(5).

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## Specific Instructions for Form 8936-A

### Line 2

Enter the total qualified commercial 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 2. All other filers reporting a separate credit on line 1 also report the above credits on line 2. All others not using line 1 to report a separate credit can report the above credits directly on Form 3800, Part III, line 1zz.

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## Specific Instructions for Schedule 1 (Form 8936-A)

### 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

See the definitions under [General Instructions](#), earlier.

### Line 4c

See the exception discussed under [Tax-Exempt Entities](#), earlier.

### Line 4d

See section 168(g)(4) for a list of exceptions that may apply.

### Line 4e

A qualified commercial clean vehicle (including a new qualified fuel cell motor vehicle) is not required to be powered solely by an electric motor to qualify for the credit. The vehicle may also be powered by a gasoline or diesel internal combustion engine. However, if it is also powered by a gas or diesel engine, the credit rate is reduced from 30% to 15%. For more information, see the vehicle definitions earlier.

### Line 5

For a discussion of cost or other basis, see Publication 551, Basis of Assets.

### Line 6

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

### Line 9

See [Incremental cost](#), earlier.

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**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> . . . . .                             | 57 min.        |
| <b>Learning about the law or the form</b> . . . . .        | 22 min.        |
| <b>Preparing and sending the form to the IRS</b> . . . . . | 1 hr., 35 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.

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