

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Form 8936, Clean Vehicle Credits
OMB # 1545-2137

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

The Energy Improvement and Extension Act of 2008 added § 30D of the Internal Revenue Code (IRC) to authorize a credit for new qualified plug-in electric drive motor vehicles. Section 30D has been amended several times since its enactment, most recently by § 13401 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA) and provides a credit for clean new vehicles. Section 13402 of the IRA added § 25E to the Code and provides a credit for previously owned clean vehicles. Section 13403(a) of the IRA added new § 45W to the Code and provides a credit for qualified commercial clean vehicles.

On December 27, 2022, the Treasury Department and the IRS published Revenue Procedure 2022-42, 2022-52 I.R.B. 565. Rev. Proc. 2022-42 provided procedures for a vehicle manufacturer to certify that they are a qualified manufacturer of such vehicles and submit reports that a motor vehicle meets certain requirements for the clean vehicle credit(s) available under sections 30D, 45W, and/or 25E, to report the amount of the credit available with respect to the motor vehicle, and for sellers to report the sales of such vehicles. Rev. Proc. 2022-42 also provided guidance to taxpayers who purchase motor vehicles regarding the conditions under which they may rely on the vehicle manufacturer's certification.

Under the procedures prescribed in Rev. Proc. 2022-42, a manufacturer submits to the IRS, under penalties of perjury, a certification containing certain information relevant to the determination that a particular make, model, and model year of motor vehicle qualifies for the new clean vehicle credit, as well as the amount of the credit. After reviewing the original signed certification, the IRS will issue an acknowledgement letter stating whether purchasers may rely on the certification. The acknowledgment letter, however, will not constitute a determination by the IRS that a vehicle qualifies for a credit, or that the amount of the credit is correct. If a manufacturer files an erroneous certification, the manufacturer's right to provide a certification to future purchasers of vehicles will be withdrawn. However, purchasers may continue to rely on the certification for vehicles they acquired before the date of withdrawal (including in cases in which the vehicle is not placed in service and the credit is not claimed until after the withdrawal).

For tax years beginning after 2008, Form 8936 is used to figure the credit for qualified plug-in electric drive motor vehicles placed in service during the 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. For tax year beginning after 2022, Form 8936-A and Schedule 1 (Form 8936-A) are used to figure the Qualified Commercial Clean Vehicle Credit.

IRS created Form 15400 to report the following:

- Sellers of new clean vehicles are required to file this completed with the IRS and furnish to the buyer/taxpayer for a vehicle to be eligible for a clean vehicle credit under section 30D.
- Dealers selling previously-owned clean vehicles are required file a report the information to the Internal Revenue Service (IRS) and furnish to the buyer/taxpayer for a vehicle to be eligible for a clean vehicle credit under section 25E.

IRS is issuing a Notice of Proposed Rulemaking (NPRM), REG-123525-23 that will amend 1545-2137 to add reporting, third-party disclosures, and recordkeeping requirements. The NPRM contemplates establishing a reporting and third-party disclosure requirement for manufacturers to issue and associate a Product Identification Number (PIN) for specified property under Section 45W. The manufacturers would then report the issued PIN to the IRS. Additionally, manufacturers will also be required to provide taxpayers with the powertrain cost or incremental cost value of a vehicle; and taxpayers will be required to maintain a record of these disclosures. §1.45W-2(c)(10).

The likely respondents are individual, households, businesses, and other for-profits and tax-exempt entities.

2. USE OF DATA

The data will be used by (1) manufacturers to certify that they are qualified manufacturers; (2) that a particular make, model, and model year and/or vehicle identification number of motor vehicle is a qualified vehicle that meets the requirements of §§ 30D, 45W, and/or 25E, and also the amount of the credit allowable with respect to the motor vehicle; (3) the data will be used to notify purchasers of these motor vehicles if the vehicles qualify for the credit and the allowable amount of the credit.

The IRS will use the information to monitor and validate claims for the requirements for the clean vehicle credit(s).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

We are currently offering electronic filing of Form 8936 and 8936-A. For Revenue Procedure 2022-42 requirements, as well as the NPRM, IRS utilizes the IRS Energy Credits Online Portal for submissions.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available or use or adaption from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

There is no burden on small businesses or entities by this collection due to the inapplicability of the authorizing statute to this type of entity.

Regarding Revenue Procedure 2022-42, the collection of information was not expected to have a burden on small businesses. Since sellers and dealers of new and previously owned clean vehicles are only required to report such sales once a year, the burden to a small business was determined to be minimal. For the NPRM, although it is estimated that small business entities will claim the credit under section 45W in a given year, the proposed regulations will not have a significant economic impact on such entities because the proposed regulations do not impose any additional burden on taxpayers outside of what is provided by the statute.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

The information required is needed to verify compliance with the IRC and Treasury Regulations. A less frequent collection of taxes and tax information could adversely affect the government's effectiveness and would reduce the oversight of the public in ensuring compliance with the IRC and hinder the IRS from meeting its mission.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

Proposed regulations (REG-123525-23) published January 14, 2025, at 90 FR 3506, requested public comments and recommendations on the information collections. Any comments received on the information collections will be addressed within the Final Rule submission.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Individual Master File (IMF)" system and a Privacy Act System of

Records notice (SORN) has been issued for this system under: IRS Treas/IRS 24.046 BMF, and Treas/IRS 34.047 audit trail and security records. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/uac/Privacy-Impact-Assessments-PIA> .

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

The time needed to complete and file the Form 8936 and Form 8936-A will vary depending on individual circumstances. The estimated burden for individual filers is capture under OMB control number 1545-0074 and business filers is capture under OMB control number 1545-0123. The estimated burden for estate and trust filers is captured under OMB control number 1545-2137.

The burden for Form 15400 for all filers is accounted for within 1545-2137.

Form	Description	# Respondents	# Responses	Total Annual Responses	Hours Per Response (in hours)	Total Burden (in hours)
Notice 2009-89	New Qualified Plug-in Electric Drive Motor Vehicle Credit	12	1	12	23.33	280
8936 and Sch A	Qualified Plug-in Electric Drive Motor Vehicle Credit	500	1	500	6.14	3,070
15400	New Clean Vehicle Seller Report (Rev Proc 2022-42)	52,165	4,7158	246,000	2.45	602,700
8936 Schedule A	Clean Vehicle Credit Amount	129	1	129	2.90	374
Rev Proc 2022-42	Qualified Manufacturers and Sellers of Clean Vehicles – monthly reports	150	12	1,800	0.25	450
§45W NPRM preamble	PIN requirements	4,500	1	4,500	0.25	1,125
§1.45W-2(c)(10)	Incremental Cost (third-party disclosures and recordkeeping)	500	1	500	1.0	500
TOTAL		57,956		253,441		608,499

The burden table includes the reporting, recordkeeping, and third-party disclosure requirements for each of these items.

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start-up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries, and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)		Printing and Distribution		Government Cost Estimate per Product
Form 8936	19,417	+	0	=	19,417
Sch A (Form 8936)	19,417	+	0	=	19,417
Instr. Form 8936	9,709	+	0	=	9,709
Total	48,543	+	0	=	48,543
Table costs are based on 2024 actuals obtained from IRS Chief Financial Officer and Media and Publications					

15. REASONS FOR CHANGE IN BURDEN

IRS is issuing a Notice of Proposed Rulemaking (NPRM), REG-123525-23 that will amend 1545-2137 to add reporting, third-party disclosures, and recordkeeping requirements. The NPRM contemplates establishing a reporting and third-party disclosure requirement for manufacturers to issue and associate a Product Identification Number (PIN) for specified property under Section 45W.

The manufacturers would then report the issued PIN to the IRS. This requirement is estimated to add 4,500 respondents/responses and 1,125 burden hours to the collection. It is estimated to take 15 minutes (.25 hours) for each respondent to comply with this requirement.

Additionally, manufacturers will also be required to provide taxpayers with the powertrain cost or incremental cost value of a vehicle; and taxpayers will be required to maintain a record of these disclosures. (§1.45W-2(c)(10)). It is estimated to take one hour to complete this requirement, with an estimate of 500 respondents/responses for an increase in 500 burden hours.

These changes increase the estimated number of respondents/responses by 5,000, with an estimated overall increase of burden hours of 1,625, for a total of 253,441 respondents/responses and 609,498 overall total burden hours.

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement for this collection.