



# Instructions for Form 8936

## Clean Vehicle Credits (and Schedule A (Form 8936), 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 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form8936](https://www.irs.gov/Form8936).

### What's New for 2023

**New clean vehicle credit.** This credit is available for new clean vehicles placed in service after 2022. See [New Clean Vehicle Credit](#).

**Previously owned clean vehicle credit.** This credit is available for previously owned clean vehicles acquired and placed in service after 2022. See [Previously Owned Clean Vehicle Credit](#).

**Qualified commercial clean vehicle credit.** This credit is available for qualified commercial clean vehicles acquired and placed in service after 2022. See [Qualified Commercial Clean Vehicle Credit](#).

**Tax-exempt and governmental entities.** For tax years beginning after 2022, certain tax-exempt and governmental entities can elect to treat the qualified commercial clean vehicle credit as a payment of income tax. See [Tax-Exempt and Governmental Entities](#).

### What's New for 2024

**Transfer of new clean vehicle credit.** For vehicles placed in service after 2023, you may be able to transfer the credit amount to the dealer at the time of sale and receive an immediate financial benefit in place of a tax credit claimed on your tax return. You will need to file Form 8936 with your return for the tax year in which the vehicle was placed in service. For details, go to [IRS.gov/CleanVehicles](https://www.irs.gov/CleanVehicles).

**Transfer of previously owned clean vehicle credit.** For vehicles acquired and placed in service after 2023, you may be able to transfer the credit amount to the dealer at the time of sale and receive an immediate financial benefit in place of a tax credit claimed on your tax return. You will need to file Form 8936 with your return for the tax year in which the vehicle was placed in service. For details, go to [IRS.gov/CleanVehicles](https://www.irs.gov/CleanVehicles).

## General Instructions

### Purpose of Form

Use Form 8936 and Schedule A (Form 8936) to figure the following credits for clean vehicles you placed in service during your tax year.

- New clean vehicle credit.
- Previously owned clean vehicle credit.

- Qualified commercial clean vehicle credit.

### New Clean Vehicle Credit

Use Parts I, II, and III of Form 8936 to claim the credit for new clean vehicles. The credit is equal to the sum of the credit amounts figured for each new clean vehicle you placed in service during your tax year.

Use Parts I, II, and III of Schedule A (Form 8936) to figure the clean vehicle credit amount for each new clean vehicle you placed in service during your tax year.

The part of the credit attributable to business/investment use of a new clean vehicle is treated as a general business credit. Any part of the credit not attributable to business/investment use 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.

**New clean vehicle defined.** 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 rating (GVWR) 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, sport utility vehicle (SUV), or pickup truck); and
- Meets certain additional requirements discussed under [New Clean Vehicle Certification and Other Requirements](#), later.

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

**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 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 you for the new clean vehicle credit. Manufacturers of qualified fuel cell vehicles are also encouraged to file these reports.



*Information about new clean vehicles reported by qualified manufacturers to the IRS is available at [Fueleconomy.gov/feg/tax2023.shtml](https://www.fueleconomy.gov/feg/tax2023.shtml).*

The dealer/seller of a new clean vehicle (including a qualified fuel cell vehicle) must provide a report to you and the IRS providing information required to claim the credit, including the following.

- Your name and taxpayer identification number (TIN).
- The vehicle's VIN.
- The battery capacity of the vehicle.
- Verification that the original use of the vehicle begins with you.
- The maximum new clean vehicle credit allowable for the vehicle.

The following additional requirements must be met to qualify you 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.
- 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. If you use the vehicle primarily outside the United States, see section 168(g)(4) for a list of exceptions that may apply.
- Your modified adjusted gross income (AGI) for 2022 or 2023 is not more than \$150,000 (\$300,000 if married filing jointly or a qualifying surviving spouse; \$225,000 if head of household). Use Part I of Form 8936 to figure your modified AGI.

**Basis reduction.** Unless you elect not to claim the credit, you may have to reduce the basis of each vehicle by the amount entered on line 9 of Schedule A (Form 8936) for that vehicle.

**Coordination with other credits.** A vehicle that anyone has claimed for the new clean vehicle credit in Part II of Form 8936 cannot be used to claim the qualified commercial clean vehicle credit in Part V of Form 8936. If your vehicle qualifies for both credits, you may choose which of those credits to claim.

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

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

- Section 30D.
- [IRS.gov/CleanVehicles](https://www.irs.gov/CleanVehicles).

## Previously Owned Clean Vehicle Credit

Use Parts I and IV of Form 8936 to claim the credit for previously owned clean vehicles. The credit is equal to the lesser of \$4,000 or 30% of the sales price of a previously owned clean vehicle you acquired and placed in service during your tax year.

Use Parts I and IV of Schedule A (Form 8936) to figure the previously owned clean vehicle credit amount.

**Previously owned clean vehicle defined.** This is a previously owned vehicle with at least four wheels that you acquired and placed in service after 2022 that:

- Has a model year that is at least 2 years earlier than the calendar year in which you acquire the vehicle;
- Had its original use begin with a person other than you;
- Has a sales price that does not exceed \$25,000;
- Was purchased from a dealer and was the first transfer since August 16, 2022, to an individual eligible to claim the credit;
- 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 rating (GVWR) of less than 14,000 pounds; and
- Meets certain additional requirements discussed under [Previously Owned Clean Vehicle Certification and Other Requirements](#), later.

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

### Previously owned qualified fuel cell motor vehicle.

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

- Has a model year that is at least 2 years earlier than the calendar year in which you acquire the vehicle;
- Had its original use begin with a person other than you;
- Has a sales price that does not exceed \$25,000;
- Was purchased from a dealer and was the first transfer since August 16, 2022, to an individual eligible to claim the credit;
- 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;
- Has a GVWR of less than 14,000 pounds; and
- Meets certain additional requirements discussed under [Previously Owned Clean Vehicle Certification and Other Requirements](#), later.

## Previously Owned Clean Vehicle Certification and Other Requirements

Generally, for previously owned clean vehicles (other than 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 previously owned clean vehicles. Information and certifications contained in these reports will help identify which vehicles qualify you for the previously owned clean vehicle credit. Manufacturers of qualified fuel cell vehicles are also encouraged to file these reports.



*Information about previously owned clean vehicles reported by qualified manufacturers to the IRS is available at [Fueleconomy.gov/feg/taxused.shtml](https://www.fueleconomy.gov/feg/taxused.shtml).*

The dealer/seller of a previously owned clean vehicle (including a qualified fuel cell vehicle) must provide a report to you and the IRS providing information required to claim the credit, including the following.

- Your name and taxpayer identification number (TIN).
- The vehicle's VIN.
- The battery capacity of the vehicle.
- The sales price.
- The maximum previously owned clean vehicle credit allowable for the vehicle.

The following additional requirements must be met to qualify you for the credit.

- You are an individual.
- 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, and not for resale.
- You can't be claimed as a dependent by another taxpayer.
- You have not claimed another previously owned clean vehicle credit in the 3 years before the purchase date.
- You use the vehicle primarily in the United States. If you use the vehicle primarily outside the United States, see section 168(g)(4) for a list of exceptions that may apply.
- Your modified adjusted gross income (AGI) for 2022 or 2023 is not more than \$75,000 (\$150,000 if married filing jointly or a qualifying surviving spouse; \$112,500 if head of household). Use Part I of Form 8936 to figure your modified AGI.

**Basis reduction.** Unless you elect not to claim the credit, you may have to reduce the basis of each previously owned clean vehicle by the amount entered on line 17 of Schedule A (Form 8936) for that vehicle.

**Recapture of credit.** If the vehicle no longer qualifies for the credit, you may have to recapture part or all of the credit. See sections 25E(e) and 30D(f)(5).

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

- Section 25E.
- [IRS.gov/CleanVehicles](https://www.irs.gov/CleanVehicles).

## Qualified Commercial Clean Vehicle Credit

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

Use Parts I and V of Schedule A (Form 8936) to figure the clean vehicle credit amount for each qualified commercial clean vehicle you 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 1aa 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.

**2023 safe harbor.** Notice 2023-9 provides a safe harbor regarding the incremental cost of certain qualified commercial clean vehicles (including 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 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).

**2024 safe harbor.** Notice 2024-5 provides a safe harbor regarding the incremental cost of certain qualified commercial clean vehicles (including qualified fuel cell motor vehicles) placed in service in calendar year 2024. The IRS will accept the use of \$7,500 as the incremental cost for all street vehicles (other than compact car PHEVs) with a GVWR of less than 14,000 pounds to figure the credit amount for vehicles placed in service during calendar year 2024. 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 DOE [Incremental Purchase Cost Methodology and Results for Clean Vehicles](#). For details, see Notice 2024-5, available at [IRS.gov/irb/2024-02\\_IRB#NOT-2024-5](https://www.irs.gov/irb/2024-02_IRB#NOT-2024-5).

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

**Qualified commercial clean vehicle.** This is a vehicle 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 GVWR 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 not subject to a lease placed in service by certain tax-exempt and governmental entities); and
- Meets certain additional requirements discussed under [Qualified Commercial Clean Vehicle Certification and Other Requirements](#), later.

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

**Qualified fuel cell motor vehicle.** This is a vehicle 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 not subject to a lease placed in service by certain tax-exempt and governmental entities); and
- Meets certain additional requirements discussed under [Qualified Commercial Clean Vehicle Certification and Other Requirements](#), later.

## Tax-Exempt and Governmental Entities

For tax years beginning after 2022, certain tax-exempt and governmental entities that generally don't benefit from income tax credits can elect to treat the qualified commercial clean vehicle credit as a payment of income tax. Resulting overpayments may result in refunds.

Tax-exempt and governmental entities eligible to make the elective payment election include:

- A state, the District of Columbia, or a political subdivision thereof, any territory 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 details, see section 6417 and the related regulations.

Tax-exempt and governmental entities making the elective payment election for the qualified commercial clean vehicle credit must file the following.

- Schedule(s) A (Form 8936), Clean Vehicle Credit Amount.
- Form 8936, Clean Vehicle Credits.

- Form 3800, General Business Credit.
- Form 990-T, Exempt Organization Business Income Tax Return, or other applicable income tax return.

The IRS has established a pre-filing registration process that must be completed prior to electing payment of the qualified commercial clean vehicle credit. To register, go to [IRS.gov/Credits-Deductions/Register-for-Selective-Payment-or-Transfer-of-Credits](#). See Pub. 5884, Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS) Pre-Filing Registration Tool, for more information. Also see *Registering for and Making Elective Payment and Transfer Elections* in the Instructions for Form 3800.

## Qualified Commercial Clean Vehicle 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 you for the qualified commercial clean vehicle credit.

The following additional requirements must be met to qualify you 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. If you use the vehicle primarily outside the United States, see section 168(g)(4) for a list of exceptions that may apply.

**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 26 of Schedule A (Form 8936) for that vehicle.

**Coordination with other credits.** A vehicle that anyone has claimed for the new clean vehicle credit in Part II of Form 8936 cannot be used to claim the qualified commercial clean vehicle credit in Part V of Form 8936. If your vehicle qualifies for both credits, you may choose which of those credits to claim.

**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).

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

- Section 45W.
- [IRS.gov/CleanVehicles](#).

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## Specific Instructions for Form 8936

### Line 7

Enter the total new clean vehicle credits from:

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

- Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., box 13 (code AY).

Partnerships and S corporations report the above credits on line 7. All other filers figuring a separate credit on earlier lines also report the above credits on line 7. 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 11

Enter the total, if any, credits from Schedule 3 (Form 1040), lines 1 through 4, 5b, 6d, 6l, and 6m.

### Line 13

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.

### Line 16

Enter the total, if any, credits from Schedule 3 (Form 1040), lines 1 through 4, 5b, 6d, and 6l.

### Line 18

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

### Line 20

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

Partnerships and S corporations report the above credits on line 20. All other filers reporting a separate credit on line 19 also report the above credits on line 20. All others not using line 19 to report a separate credit can report the above credits directly on Form 3800, Part III, line 1aa.

## Specific Instructions for Schedule A (Form 8936)

### Line 2

You must enter the vehicle's 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

The date the vehicle was placed in service is the date the taxpayer takes possession of the vehicle.

### Line 4

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

### Line 5

See the definitions under [New Clean Vehicle Credit](#), earlier.



*If your vehicle qualifies for this credit as well as for the qualified commercial clean vehicle credit, you can choose which of those credits to claim.*

### Line 6

See the definitions under [Previously Owned Clean Vehicle Credit](#), earlier.

### Line 7

See the definitions under [Qualified Commercial Clean Vehicle Credit](#), earlier.



*If your vehicle qualifies for this credit as well as for the new clean vehicle credit, you can choose which of those credits to claim.*

### Line 9

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. Generally, this amount will be the maximum credit amount listed in the seller's report for the vehicle. See [New Clean Vehicle Certification and Other Requirements](#), earlier.

### Line 10

Enter the percentage of business/investment use.

Enter 100% if the vehicle is used solely for business purposes.

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 was 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 was 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 18a

See the exception discussed in the vehicle definitions under [Qualified Commercial Clean Vehicle Credit](#), earlier.

### Line 18c

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 19**

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

**Line 20**

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

**Line 23**

See [Incremental cost](#), earlier.

**Paperwork Reduction Act Notice.** We ask for the information on this form and related schedule 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 and related schedule 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., 15 min.
<b>Learning about the law or the form.</b> . . . . .	27 min.
<b>Preparing and sending the form to the IRS</b> . . . . .	1 hr., 25 min.

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