

IRS News Release

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Additional Toyota and Lexus Vehicles Certified for the Energy Tax Credit

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WASHINGTON — The Internal Revenue Service acknowledged the certification by Toyota Motor Sales U.S.A., Inc., that several of their hybrid Model Year 2007 vehicles qualify for the hybrid tax credit enacted by the Energy Policy Act of 2005.

The certified vehicles are the Toyota Prius, Toyota Highlander Hybrid and the Lexus RX 400h 2WD and 4WD vehicles. The tax credit for hybrid vehicles applies to vehicles purchased on or after January 1, 2006, and may be as much as \$3,400 for those who purchase the most fuel-efficient vehicles.

The hybrid vehicle certifications recently acknowledged by the IRS and their full credit amounts are:

- 2007 Toyota Prius \$3,150
- 2007 Toyota Highlander Hybrid 2WD and 4WD \$2,600
- 2007 Lexus RX 400h 2WD and 4WD \$2,200

The full credit amount for these Toyota and Lexus vehicles is available to qualifying purchasers through September 30, 2006.

This tax credit replaced the tax deduction of \$2,000, which was previously allowed for taxpayers who purchased a new hybrid vehicle before December 31, 2005, for the clean-burning fuel deduction. Many currently available hybrid vehicles have been certified and qualify for the credit.

The credit for otherwise qualifying vehicles begins to phase out in the second calendar quarter after the quarter in which the manufacturer sells its 60,000th qualifying vehicle. Toyota has reported sales of 88,610 qualifying vehicles (41,779 in the quarter ended March 31, 2006 and 44,831 in the quarter ended June 30, 2006). The phase out period for Toyota vehicles will begin on October 1, 2006.

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Therefore the applicable credit amounts during the phase out period for the 2007 model-year vehicles are as follows:

Qualifying Vehicle	Purchased by 9/30/06	Purchased from 10/1/06 Through 3/31/07	Purchased From 4/1/07 Through 9/30/07	Purchased After 10/1/07
Toyota Prius	\$3,150	\$1,575	\$787.50	No Credit
Toyota Highlander 2WD and 4WD	\$2,600	\$1,300	\$650	No Credit
Lexus RX 400h 2WD and 4WD	\$2,200	\$1,100	\$550	No Credit

More information on hybrid vehicles and other alternative motor vehicles can be found at IRS.gov.