INTERNAL REVENUE SERVICE

IRS News Release

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Honda Hybrid Begins Phase-Out on January 1

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WASHINGTON — The Internal Revenue Service announced today that American Honda Motor Company, Inc, has submitted quarterly reports indicating that its cumulative sales of qualified vehicles to retail dealers reached the 60,000-vehicle limit during the calendar quarter ending Sept. 30, 2007.

Under the current tax law, the credit for buying a hybrid vehicle begins to phase out in the second calendar quarter after the quarter in which the manufacturer sells its 60,000th hybrid or lean burn technology vehicle.

The credit for all new qualified hybrid passenger automobiles or light trucks manufactured by Honda will begin to phase out on Jan. 1, 2008.

Vehicles purchased before Jan. 1, 2008 qualify for the full credit. For Honda hybrid vehicles bought on or after Jan. 1, 2008, and on or before June 30, 2007, the credit is 50 percent of the otherwise allowable credit amount. Taxpayers buying vehicles on or after July 1, 2008, and on or before Dec. 31, 2008, can only get 25 percent of the credit.

Here are the credit amounts for Jan. 1, 2008, through June 30, 2008:

- Honda Accord Hybrid AT, Model Year 2007 — $650
- Honda Accord Hybrid Navi AT, Model Year 2007 — $650
- Honda Civic Hybrid CVT, Model Year 2007 — $1,050
- Honda Civic Hybrid CVT, Model Year 2008 — $1,050

— More —

Here are the credit amounts for July 1, 2008 – Dec. 31, 2008:

- Honda Accord Hybrid AT, Model Year 2007 — $325
- Honda Accord Hybrid Navi AT, Model Year 2007 — $325
- Honda Civic Hybrid CVT, Model Year 2007 — $525
- Honda Civic Hybrid CVT, Model Year 2008 — $525

Beginning Jan 1, 2009, taxpayers who buy a Honda hybrid cannot claim the related tax credit.