

IRS News Release

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IRS Explains How Manufacturers, Purchasers Can Take Advantage of Tax Credit for Fuel Cell Vehicles

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WASHINGTON — The Internal Revenue Service today issued a notice providing procedures for vehicle manufacturers to certify that a fuel cell vehicle meets the requirements for a tax credit. It also provides guidance to taxpayers who purchase certified vehicles regarding what they must do to use the credit.

Under the law, the new qualified fuel cell motor vehicle credit is available to purchasers of qualified vehicles. The amount of the new qualified fuel cell motor vehicle credit is based on the weight of the vehicle and on when the vehicle is placed in service. An additional credit may be available for a fuel cell passenger automobile or light truck based on a comparison of the city fuel economy rating of that vehicle with the 2002 model year city fuel economy of a vehicle in its weight class.

For fuel cell vehicles that weigh not more than 8,500 pounds, the base credit amount is \$8,000 if the vehicle is placed in service on or before Dec. 31, 2009. The base credit amount is reduced to \$4,000 if the vehicle is placed in service after that date.

The amount of the credit available for heavy vehicles varies from \$10,000 to \$40,000, depending on the weight of the vehicle.

The notice also provides guidance to taxpayers who purchase vehicles regarding the conditions under which they may rely on the vehicle manufacturer's certification. The purchaser may claim a credit for the certified amount for a fuel cell vehicle if it is placed in service by the taxpayer after Dec. 31, 2005, and is purchased on or before Dec. 31, 2014.

To certify a vehicle, the manufacturer must submit to the IRS a certification that includes, among other items, the make, model, model year, proposed credit amount and a statement affirming that the vehicle is propelled by power derived from one or more cells that convert chemical energy into electricity.