IRM PROCEDURAL UPDATE

DATE: 04/03/2026

NUMBER: ts-21-0426-0411

SUBJECT: Various Updates to Credits Procedures Including Clean Vehicle Credits

AFFECTED IRM(s)/SUBSECTION(s): 21.6.3

CHANGE(s):

IRM 21.6.3.4.1.6 Updated reminder that TC 971 AC 016 is only required when rerouting, not reassigning within CII.

(1) To qualify for the credit, the taxpayer must have paid or accrued income tax in a foreign country or U.S. possession.

(2) The taxpayer may claim the credit against U.S. income tax or deduct the foreign tax as an itemized deduction.

(3) If the taxpayer files an amended return in which the amount of the foreign tax credit is reduced (such as due to a refund of foreign taxes paid or accrued), which results in an increase in the amount of U.S. tax liability, manually compute and assess interest per IRM 20.2, Interest. Contact the taxpayer to determine the refund date, if necessary.

Reminder: If the refund of foreign taxes included no interest, avoid restriction of the account by using TC 298; enter the refund date in the interest computation field of the adjustment.

(4) Form 1116, Foreign Tax Credit, must be submitted unless the following conditions are met:

- All of the taxpayer's foreign source income is passive category income;
- Total creditable foreign taxes are not more than $300 ($600 if married filing jointly); and
- All the income and foreign taxes paid on the income were reported on a qualified payee statement such as a Form 1099-DIV, Form 1099-INT, or Schedule K-1, or Schedule K-3

[redacted]

Caution: See IRM 25.6.1.10.3.4.4, Foreign Tax Credit, for important information about the statute period for these types of claims.

(5) If the total Foreign Tax Credit claimed is above the threshold amounts shown in (4), or requires math verification (see IRM 21.5.3.4.5, Math and Master File Verification of Claims and Amended Returns) and Form 1116 is attached, (both situations require a change to the Foreign Tax Credit), reassign the claim through the Correspondence Imaging Inventory (CII) to IMF International and update the data as follows:

- Work Type - IMF INTL
- Function 710; program 33080 for amended return, program 33040 for correspondence
- Category code: IXRT for scanned in XRET, MEFI for cases on Mef, or ITRQ for correspondence

If you do **not** have CII access, mail to:
2970 Market Street
1 D08.113
Philadelphia, PA 19104
International claims are processed using IRM 21.8.1.4, Foreign Tax Credit (Form 1116).
Reminder: You must input TC 971 AC 016 when rerouting to International. Use the received date of the claim as the transaction date. If reassigning the case in CII, this is not necessary.

(6) See Form 1116, Publication 17, Your Federal Income Tax (For Individuals), and Publication 514, Foreign Tax Credit for Individuals, for detailed information.

(7) To adjust the account based on the credit:

a. Use TC 291 with a money amount to allow/increase the credit.
b. Use TC 290 with a money amount to decrease the credit.
c. Use RC 036 and the applicable source code and blocking series.

IRM 21.6.3.4.1.22 Added that the taxpayer or spouse must have a valid for employment SSN issued prior to the due date of the return.

(1) The Child Tax Credit (CTC) is a non-refundable credit which is used to reduce the taxpayer's tax liability. The credit is a different amount and has different rules depending on the tax year.
Tax year 2025:

- Credit is $2,200 per child, up to $1,700 is refundable.

- For tax years 2025 and later, the taxpayer (or spouse, if married filing jointly), must have a valid SSN, which includes those marked valid for employment, issued before the due date of the return.
- All other criteria is the same as tax years 2022 - 2024.

Tax years 2022 - 2024:

- Credit is $2,000 per child, with up to the following amounts refundable based on year; up to $1,500 for 2022, up to $1,600 for 2023, and up to $1,700 for 2024.
- The qualifying child **must have an SSN issued on or before the due date of the return** (including extensions).
- The taxpayer and spouse, if filing jointly, must have a valid TIN issued on or before the due date of the return (including extensions).
- The total of CTC and Credit for Other Dependents (ODC) is phased out by $50 for each $1,000 (or fraction thereof) the AGI exceeds $400,000 in the case of a joint return, $200,000 for all other filing statuses.
- Schedule 8812 is required for taxpayers claiming the Additional Child Tax Credit (ACTC).

Tax year 2021

- Credit is $3,000 for children ages 6 to 17 and $3,600 for children ages 5 and under by December 31, 2021.
- The entire credit is refundable if the taxpayer (or the spouse if the taxpayer files a joint return) lived in the United States for more than half of the year or is a bona fide resident of Puerto Rico for the year.
- No income is required.
- The qualifying child **must have an SSN issued on or before the due date of the return** (including extensions).
- The taxpayer and spouse, if filing jointly, must have a valid SSN or ITIN issued by the due date of the return (including extensions).
- The total of the CTC is phased out by $50 for each $1,000 (or fraction thereof) the AGI exceeds $150,000 in the case of a joint return/qualifying widow(er), $112,500 if HOH, $75,000 for all other filing statuses.
- When the 2021 increased CTC amount is reduced below what would have otherwise been applicable based on prior legislation, then the rules for tax years 2018-2020 and 2022-2024 apply.

Example: A married filing jointly filer, 3 children ages 1, 3, and 7, with a MAGI of $250,000. Tentative CTC is $10,200.
$250,000 - $150,000 income threshold = $100,000
$100,000 X 5% phaseout ($50 for each $1,000) = $5,000
$10,200 (tentative credit) - $5,000 = $5,200
The increased credit amount is less than the credit allowed following prior year rules ($2,000 per child), therefore, total allowable CTC is $6,000.

- The credit was paid in advance, up to 50% of the CTC the taxpayer would have been eligible for 2021 based on the dependents claimed on the tax year 2020 return (2019 if a 2020 return was not filed).
- The advance payments must be reconciled on Schedule 8812, Credits for Qualifying Children and Other Dependents.
- Schedule 8812 is required to claim CTC.

For tax years 2018 - 2020:

- Credit is $2,000 per child, up to $1,400 is refundable.
- The qualifying child **must have an SSN issued on or before the due date of the return** (including extensions).
- The taxpayer and spouse, if filing jointly, must have a valid TIN issued on or before the due date of the return (including extensions).
- The total of CTC and ODC is phased out by $50 for each $1,000 (or fraction thereof) the AGI exceeds $400,000 in the case of a joint return, $200,000 for all other filing statuses.
- Schedule 8812 is required for taxpayers claiming the ACTC.

Note: For taxpayers indicating a religious (e.g., Amish/Mennonite) or conscience-based objection to obtaining a TIN, refer to IRM 21.6.1.6.1, Determining the Exemption/Dependent Deduction.

(2) See IRM 21.6.3.4.2.8, Additional Child Tax Credit (ACTC), for more information on the refundable portion of the credit. For tax year 2021, ACTC is referred to as Refundable Child Tax Credit (RCTC) for taxpayers whose principal abode was in the United States for more than half of the year or was a bona fide resident of Puerto Rico for the year.

Reference - IRC 24

IRM 21.6.3.4.1.22.1 Added that the child must be a U.S. citizen or resident alien and the taxpayer or spouse must have a valid for employment SSN issued prior to the due date of the return.

(1) To qualify for the credit, the child must:

- Be claimed as a dependent on the return
- Be the taxpayer's son, daughter, stepchild, eligible foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them
- Under age 17 (18 for tax year 2021 only) at the end of the calendar year. Command Code (CC) INOLE, or in the case of an ITIN, the Real Time System (RTS) can be used to verify date of birth. See IRM 3.21.263, IRS Individual Taxpayer Identification Number (ITIN) Real Time System (RTS)
- Did not provide over half of their own support for the tax year
- Generally, live with the taxpayer for more than half of the tax year
- A U.S. citizen, U.S. national, or a resident of the United States

  Note: For tax years 2025 and later, the child must be a U.S. citizen or resident alien.

(2) The taxpayer must furnish one of the following types of valid TINs for each qualifying child.

- An SSN issued by the Social Security Administration
- An ITIN issued by the IRS if the individual is not eligible for an SSN
- An ATIN issued by the IRS for a child while an adoption is pending

Reminder: For tax years 2018 and later, qualifying children for CTC must have an **SSN** on or before the due date of the return, including extensions.
For tax years 2018-2025, if the child does not qualify for CTC (e.g., does not have an SSN or meet the age requirement), they may qualify for the Credit for Other Dependents (ODC), see IRM 21.6.3.4.1.22.3, Credit for Other Dependents (ODC). For more information, see Publication 972, Child Tax Credit and Credit for Other Dependents, (tax years 2020 and prior) or Instructions for Schedule 8812, Credits for Qualifying Children and Other Dependents, (tax year 2021 and later). If the taxpayer claims CTC for a child age 19, the child does not qualify for CTC but would qualify for ODC. Partially disallow the claim and allow ODC instead of CTC.

Exception: If a qualifying child was born and died in the same year and an SSN was not issued for the child, the taxpayer should enter "Died" in the field where the SSN would be listed in the Dependents section. The taxpayer must include a copy of the child's birth certificate, death certificate, or hospital records showing the child was born alive.

Note: See IRM 3.13.5.83, Individual Taxpayer Identification Numbers (ITINs), and IRM 3.13.5.84, Adoption Taxpayer Identification Numbers (ATINs), for information about ITIN/ATIN issues. Also see IRM 21.6.3.4, Credits Procedures, for information about valid/correct TIN information. For math errors involving ITINs, see IRM 21.6.1.6.6.2, ITIN Renewal Math Error Adjustments.

(3) All taxpayers, the primary, secondary (if applicable), and all qualifying children must have their TIN assigned on or before the due date, or extended due date, of the return.

Note: For tax years 2025 and later, the taxpayer (or spouse, if married filing jointly), must have a valid SSN, which includes those marked valid for employment, issued before the due date of the return.

IRM 21.6.3.4.1.23 Updated referral reason for Adoption Credit for tax year 2025 and subsequent years.

(1) IRC 23 provides that a taxpayer who paid qualified adoption expenses (QAE) to adopt an eligible child in the tax year the adoption became final may be able to reduce their tax liability by claiming the Adoption Credit on Form 8839, Qualified Adoption Expenses.

Note: See Form 8839 and Instructions for Form 8839, Qualified Adoption Expenses, for detailed qualification information.

Note: The Adoption Credit is entered on Form 1040 / Form 1040-SR, Schedule 3, Additional Credits and Payments, as a write-in for tax years 2019 and subsequent.

(2) All adoption credit claims processed in AM are worked at the Andover Campus. Update category to SPC1 and document type to 1040X (you cannot reassign a MEFA/S/P). Reassign through CII to IDRS number 0830101003.

(3) The eligible child must be:

a. Any child under age 18. If the child turned 18 during the year, the child is eligible for the part of the year the child was under age 18.

b. Any age, if physically or mentally incapable of caring for themselves.

(4) Many provisions of the adoption credit (for example, the definition of QAE, the dollar limitation and the modified adjusted gross income limitation) apply to any type of adoption. For more information, see the rules and examples contained in the Instructions for Form 8839, Qualified Adoption Expenses. However, each category of adoption (domestic, foreign, or special-needs) also has rules that apply only to that category.

(5) A **domestic adoption** (including an in-process or a never-completed adoption attempt) is one in which the child was a citizen or resident of the U.S. when the adoption process began.

The timing of the adoption credit depends on when (if ever) the adoption becomes final. Generally, a taxpayer paying QAE in a domestic adoption claims the credit in the year after the payment is made.

- If the QAE is paid in the year the domestic adoption becomes final, the credit is claimed in the year of payment.
- If the QAE is paid in a year after a domestic adoption becomes final (post-finality QAE), the credit is claimed in the year of payment.

For example, if the taxpayer pays QAE in Year 1, Year 2, and Year 3, and the adoption becomes final in Year 3. In year 4, the taxpayer pays post-finality QAE.

- The taxpayer may not claim an adoption credit for Year 1.
- In Year 2, the taxpayer may claim the credit for the QAE paid in Year 1.
- In Year 3 (the year of finality), the taxpayer may claim the adoption credit for the QAE paid in Year 2 and Year 3.
- In Year 4, the taxpayer may claim the adoption credit for the post-finality QAE paid in that year.

(6) A **foreign adoption** is one in which the child was not a citizen or resident of the U.S. when the adoption process began. An adoption is classified as a foreign adoption even if the child is re-adopted in the U.S. (although the re-adoption expenses are QAE). The adoption credit for QAE paid before or during the year of finality may be claimed only in the year of finality.
If QAE is paid after the year of finality (for example, in connection with post-placement visits by a social worker), the adoption credit may be claimed in the year of payment. The Instructions to Form 8839 contain information on determining the year of finality of a foreign adoption.

(7) In the case of a **child with special-needs**, the adoption credit may be claimed in the year the adoption is final, even if the taxpayers never pay any QAE.

(8) The adoption of a special-needs child is an adoption in which all the following statements are true.

- The child was a citizen or resident of the United States or its possessions at the time the adoption effort began (U.S. child).
- A state (including the District of Columbia), or an Indian tribal government, has determined that the child can't or shouldn't be returned to their parents' home.
- The state, or Indian tribal government, has determined that the child won't be adopted unless help is provided to the adoptive parents.

(9) Sometimes, particularly in the case of an in-process or never-finalized domestic adoption, the taxpayer is unable to provide complete information in Part I of Form 8839. In those circumstances, the taxpayer should complete the entries they can. Leave all other entries blank.

(10) IRC 137 allows employees to exclude employer-provided adoption assistance from their gross income. The exclusion is taken in the year of payment.

(11) Public Law 119-21, 139 Stat. 72 (July 4, 2025), commonly known as The One Big Beautiful Bill Act (OBBBA), Section 70402, allows for up to $5,000 per eligible child, of the Adoption Credit to be refundable for tax years 2025 and subsequent. The taxpayer uses Form 8839, Qualified Adoption Expenses, to calculate the nonrefundable as well as the refundable portions of the credit. The nonrefundable portion is reported on Schedule 3, Additional Credits and Payments, on line 6c. The refundable portion of the credit is reported on Form 1040, line 30.

Note: The refundable portion of the adoption credit cannot include any amount of the nonrefundable credit carried forward from a prior year.

(12) #[redacted]#

(13) #[redacted]#

(14) To adjust the account based on the credit:

a. Use TC 291 with a money amount to allow/increase the credit.

b. Use TC 290 with a money amount to decrease the credit.

c. Use CRN 261 with a money amount to allow/increase refundable credit

d. Use CRN 261 with a money amount (-) to decrease refundable credit

e. Use RC 036 and the applicable source code and blocking series, for non-refundable credit.

f. Use RC 061 and the applicable source code and blocking series, for refundable credit.

Caution: If the taxpayer's claim for tax year 2020 or prior references CTC, Pub. 972, Child Tax Credit and Credit for Other Dependents, must be used to figure the credit. For tax year 2021 and later, Instructions for Schedule 8812, Credits for Qualifying Children and Other Dependents, must be used to figure the credit.

(15) Taxpayers may file amended returns for earlier periods to release carryforward of the adoption credit.

Note: If the IRS has the necessary information to establish a taxpayer was entitled to the credit in a prior year, an amended return is not required for the earlier period.

a. Unused credits may only be carried forward five years.

b. Prior year claims, including carryforwards, do not require adoption documentation.

c. Do not reject prior year claims with carryforwards because the adoption documentation is missing.

Note: Although married taxpayers generally have to file a joint return in order to qualify for the credit, a carryforward may be claimed with on a married filing separately return.

(16) When working an Adoption Credit carryforward case, ensure all tax periods are controlled to the earliest tax period first and are being worked by one employee. Work the case as follows:

a. Review the earliest tax period claim first.

b. Verify the amount of the carryforward for the earliest tax period. If the claim is not a statute period, apply the adoption credit amount listed on Form 8839 to the taxpayer's tax liability. Statute year periods are addressed in paragraphs 17 and 18 below.

c. The Adoption Credit may change the priority order of other non-refundable credits, such as the Child Tax Credit. See IRM 21.6.3.4.1, Non-refundable Credits Procedures.

d. Take any remaining balance of the carryforward to the next period and repeat the steps above.

Example:
In tax year 2017, a taxpayer has $10,650 in QAE but no tax liability. The taxpayer is entitled to carry forward the $10,650 credit to 2018 (the first carryforward year).
The taxpayer files a 2018 Form 1040-X to claim the carryforward of $10,650 in QAE. Their 2018 original return had a tax liability (before credits) of $8,850 and a child tax credit of $2,000. The 2018 module shows a TC 150 of $6,850.
After using the worksheets shown in Pub. 972, you determine the taxpayer is entitled to a Child Tax Credit of $600, an Adoption Credit of $8,250, and a refundable Additional Child Tax Credit of $1,400. This leaves $2,400 available to be carried forward to the next year

($10,650 carryforward from 2017 - $8,250 tax liability after CTC = $2,400 carryforward to next year).
Process the 2018 Form 1040-X with a TC 291 for $6,850, and a Credit Reference Number 336 for $1,400.
Send a Letter 288C informing the taxpayer you have recorded the carryforward amount of $2,400.

The same taxpayer also has a Form 1040-X for 2019 claiming $3,800 in adoption expenses carryforward.
However, you have math verified the correct carryforward amount remaining is $2,400.
The taxpayer is expecting a credit of $3,800.
Since the refund amount is $2,400, follow IRM 21.5.4.4.1, Setting the Initial Math Error Action.
Block the adjustment in 77 / 78 and send a Letter 474C explaining the error to the taxpayer and that they will only receive $1,800.

(17) If a statute period claim comes in showing no change in tax liability and only a carryforward:

a. Input a TC 290 for .00 with a BS 05 and RC 36.

b. Send a Letter 288C with the following fill-in language:
Thank you for your Form 8839. We have recorded your carryforward amount of (provide the amount).

(18) If a statute period claim comes in requesting a change in tax liability, follow procedures in IRM 25.6.1, Statute of Limitations Processes and Procedures.

(19) If the statute period claims are returned to Accounts Management, process as follows:

a. Input a TC 290 for .00 with a BS 98 / 99 to disallow the change in tax liability due to the expired refund statute.

b. Send a Letter 106C to explain the disallowance of the tax refund and explain you have recorded the carryforward amount and provide the amount.

IRM 21.6.3.4.1.36 Updated link in paragraph 5 to Clean vehicle tax credits on IRS.gov.

(1) The Inflation Reduction Act (IRA) of 2022 made several changes to the Qualified Plug-In Electric Drive Motor Vehicle Credit (Including Qualified Two-Wheeled Plug-in Electric Vehicles and New Clean Vehicles), adding fuel cell vehicles (FCV) (IRC 30D) and a new credit for previously-owned clean vehicles (IRC 25E). The credits are generally available for vehicles placed in service beginning January 1, 2023, through September 30, 2025. For vehicles placed in service prior to 2023, see IRM 21.6.3.4.1.36.4, Qualified Plug-in Electric

Drive Motor Vehicle Credit (Including Qualified Two-Wheeled Plug-in Electric Vehicles and New Clean Vehicles) (Tax Year 2022 and Prior).

Note: The One Big Beautiful Bill Act (OB3) terminated the Clean Vehicle Credit as of September 30, 2025.

(2) Taxpayers attach Form 8936, Clean Vehicle Credits, to their return to claim either of the credits. They **must** attach a Form 8936, Schedule A, Clean Vehicle Credit Amount, including the vehicle identification number (VIN) for each vehicle they are claiming the credit.

(3) **New Clean Vehicle Credit (IRC 30D) –** Taxpayers can receive up to a $7,500 non-refundable credit (per qualifying vehicle) for the purchase of new clean vehicles providing the taxpayer and vehicle meet certain requirements. See IRM 21.6.3.4.1.36.1 (1-3), Form 8936, Clean Vehicle Credits - Qualifications.

(4) **Previously-Owned Clean Vehicles Credit (IRC 25E) -** Taxpayers can receive up to a $4,000 non-refundable credit for the purchase of an eligible previously-owned clean vehicle providing the taxpayer and vehicle meet certain requirements. The credit amount is the lesser of $4,000 or 30% of the sales price of the previously-owned clean vehicle. See IRM 21.6.3.4.1.36.1 (4 and 5), Form 8936, Clean Vehicle Credits - Qualifications.

(5) For more information on the Clean Vehicle Credit, see Clean vehicle tax credits, or Instructions for Form 8936, Clean Vehicle Credits (and Schedule A (Form 8936), Clean Vehicle Credit Amount).

IRM 21.6.3.4.1.36.2 Updated paragraph 5 to clarify when a TC 971 AC 830 is on the account.

(1) Taxpayers who incorrectly calculate or do not include a Form 8936, Schedule A, Clean Vehicle Credit Amount, when filing their original return may be issued a math error during original processing. Due to limitations with VIN validation, if there is a VIN mismatch or duplicate VIN, **and** it is a paper return or there are more than two VINs on a Mef return, SBSE reviews the account. If after review, SBSE determines the VIN is invalid, they remove the credit and issue a Letter 474C. The account will have a math error but not a Taxpayer Notice Codes (TPNC). See paragraph (2) below for account notations.
ERS assigns the following TPNCs for errors related to clean vehicle credits (CVC) identified during processing:

TPNC	Description
832	We didn't allow all or part of the amount claimed as Clean Vehicle Credits, Form 8936, on your return because the credit is limited to the total amount of your tentative tax liability.

833	We didn't allow all or part of the credit claimed as Clean Vehicle Credit on your return because one or more of the Vehicle Identification Number(s) (VIN) reported on Form 8936, Schedule A, Clean Vehicle Credit Amount, did not match our records.
835	We didn't allow the amount claimed as Clean Vehicle Credits amount on your tax return because Form 8936, Schedule A, was incomplete or not attached to your tax return.
836	We changed the amount claimed as Clean Vehicle Credit, Form 8936, on your tax return. The error was in the computation of the credit or in the transferring of the amount to your tax return.
837	We changed the amount claimed as Clean Vehicle Credit Amount Form 8936, Schedule A, on your tax return. The error in part II, Credit Amount for Business/Investment Use Part of New Clean Vehicle, was in the computation of the credit or in the transferring of the amount.
838	We changed the amount claimed as Clean Vehicle Credit Amount Form 8936, Schedule A, on your tax return. The error in Part III, Credit amount for Personal Use Part of New Clean Vehicle, was in the computation of the credit or in the transferring of the amount.
839	We changed the amount claimed as Clean Vehicle Credit Amount from Form 8936, Schedule A, on your tax return. The error in Part IV, Credit Amount for Previously Owned Clean Vehicle, was in the computation of the credit or the transferring of the amount.
841	We changed the amount claimed as Clean Vehicle Credit Amount Form 8936, Schedule A, on your return. The Placed in Service Date is not during the tax year of the return.
842	We changed the amount claimed as Clean Vehicle Credit Amount Form 8936, Schedule A, on your tax return. The error on Form 8936, Schedule A, is due to the computation of the credit exceeding the maximum vehicle credit amount allowed.
843	We changed the amount claimed as Clean Vehicle Credit. You figured or transferred your Form 8936, Clean Vehicle Credits, amount incorrectly to Form 3800.
248	We adjusted the tax on your return because you either calculated or transferred the amount of Additional Taxes from Schedule 2, Part I incorrectly.

(2) Original tax returns claiming CVC are screened prior to posting to Master File. If the return meets the criteria for review, a TC 971 AC 831 with MISC: CVC posts to the tax module. A TC 570 generates and a -R freeze holds the entire overpayment. See IRM 21.5.6.4.35, -R Freeze, for more information.

Reminder: If the tax module contains a control in Monitor (M) status, do **not** send a 4442/e-4442 to the open control. Advise the taxpayer the return is still being reviewed and they will receive their refund or a letter once the review has been completed.

(3) If the taxpayer contacts the IRS regarding a CVC math error (either a TPNC or Letter 474C response issued by SBSE), follow procedures in IRM 21.5.4.4, Math Error Procedures Processing. If the math error is specifically related to the vehicle's VIN, verify the VIN provided via the VIN Lookup Tool. See IRM 21.6.3.4.1.36.3(2), Form 8936, Clean Vehicle Credits - Adjusting the Account.

If	**Then**
VIN is valid	Adjust the account following IRM 21.5.4.4.4, Math Error Substantiated Protest Processing.
VIN is invalid - phone call	Explain the reason for the math error and provide the taxpayer with the VIN qualifications from IRM 21.6.3.4.1.36.1 Form 8936, Clean Vehicle Credits - Qualifications. If the taxpayer still requests an abatement, follow procedures in IRM 21.5.4.4.5, Math Error Unsubstantiated Protest Processing.
VIN is invalid - correspondence	Follow procedures in IRM 21.5.4.4.5, Math Error Unsubstantiated Protest Processing.

(4) Beginning January 1, 2024, taxpayers may elect to transfer the entirety of their allowable new or previously-owned clean vehicle credit to a registered dealer to reduce the cost of a new or previously-owned clean vehicle. The election is reflected on the taxpayers' 2024, or later, tax module and reconciled on their tax year 2024, or later, tax return.

- A taxpayer may make no more than two transfer elections per taxable year (two transfers of the new clean vehicle (30D) credit or one 30D credit and one previously-owned clean vehicle (25E) credit). These limitations do not apply to the number of CVCs claimed on their return.
- For previously-owned clean vehicles (25E), each individual may only claim (by credit transfer or on their return) one 25E CVC during any three-year period.

(5) For tax years 2024 and later, TC 971 AC 830 indicates the taxpayer elected an advance payment to transfer the clean vehicle credit (CVC) to the dealer. The MISC field contains the vehicle VIN, the memo amount reflects the advance credit amount, and the TC date reflects the date of purchase. If the taxpayer returns the vehicle within the allowable timeframe, the account will reflect a TC 972 AC 830. Taxpayers who are no longer eligible for the advance credit (for example, due to AGI limitations or returning the vehicle) must repay the credit. The repayment is reported on Form 1040, Schedule 2, 1b or 1c.

IRM 21.6.3.4.1.36.3 Updated to clarify VIN/TIN Lookup Tool responses and actions to take if no Time of Sale report is submitted through the IRS Energy Credits Online (ECO) portal.

(1) To claim a Clean Vehicle Credit (CVC), the taxpayer attaches Form 8936, Clean Vehicle Credits, to their amended return. They **must** attach a Form 8936, Schedule A, Clean Vehicle Credit Amount, including the vehicle identification number (VIN) for each vehicle for which they are claiming the credit. If Form 8936, Schedule A is missing or incomplete, follow procedures in IRM 21.5.1.5.6, Incomplete CII Claims.

Note: For tax years 2024 and later, individuals who transferred the credit to the dealer at the time of sale **must** file Form 8936, Clean Vehicle Credits, **and** Form 8936, Schedule A, Clean Vehicle Credit Amount. If either form is missing or incomplete, follow procedures in IRM 21.5.1.5.6, Incomplete CII Claims.

Note: The One Big Beautiful Bill Act (OB3) terminated the Clean Vehicle Credit as of September 30, 2025, for vehicles acquired after September 30, 2025. Vehicles acquired before September 30, 2025, but placed in service after September 30, 2025, may still be eligible for the credit. Do not process any requests for CVC for vehicles acquired after September 30, 2025. A vehicle is considered acquired on the date a written binding contract is entered into and a payment is made. A payment includes a down payment or vehicle trade-in.

(2) A separate Form 8936, Schedule A **must** be filed for each VIN used to claim CVC.
Use the VIN/TIN Lookup tool on AMS to validate the VIN prior to determining the action to take on the account. The VIN/TIN Lookup tool is populated with data from the Time of Sale (ToS) report, which is uploaded to the IRS Energy Credits Online (ECO) by dealers or sellers. You can search by VIN only (for tax year 2023) or either VIN or TIN (for tax years 2024 and later).
From AMS, select **Tools -> CLEAN ENERGY-> VIN/TIN Lookup**
Input the full VIN of 17 characters (letters and numbers) or the taxpayer's TIN (tax years 2024 or later) to search for the VIN.
The tool will respond as follows:

- If searching by VIN and it is **not** valid, the tool returns "VIN is invalid" or "No Match found in Clean Energy Database".
- If searching by TIN and there is **no** match, the tool returns "No Match found in Clean Energy Database".
- If searching by TIN and one or more VINs are returned, select the VIN to view additional information shown below.

- For tax year 2023, if searching by VIN and it is valid, the tool will open with no additional information.
- For tax years 2024 and later, if searching by VIN, it is valid **and** the dealer submitted a ToS report, the tool opens with additional information shown below.

For tax years 2024 and later, selecting a valid VIN displays the following:

- VIN: Valid VIN.
- TIN: Buyer's TIN. If no TIN is listed **and** it is tax year 2024 or later, then no ToS report was submitted.
- Buyer TIN Type: SSN, ITIN, EIN or ATIN. If an individual taxpayer claims the credit as a pass through on Form 3800, the TIN listed in the tool may be the EIN.
- Service Date: Date placed in service.
- Vehicle Eligibility: The IRC for which the vehicle is eligible (30D - new clean vehicle, 25E - previously owned clean vehicle).
- Advanced Credit Amount: Maximum allowable credit amount (regardless of whether the taxpayer elected to transfer the credit to the dealer).
- Claim Status: Indicates whether the credit has been claimed.
  Check the account for TC 971 AC 830 on the tax module to determine whether the taxpayer elected to transfer the credit to the dealer. See IRM 21.6.3.4.1.36.2(5), Form 8936, Clean Vehicle Credits - Account Information).
  If the status shows "Claimed" but no TIN is listed, refer to paragraph 3 below.
  If the status shows "Claimed," the credit has been allowed for the EIN and passes through to Form 3800, General Business Credits, verify the individual taxpayer's Schedule K-1 using CC IRPTR. If the taxpayer is entitled to the credit but did not claim it on the original or an amended return, allow the credit.

  Note: If adjusting an account to allow a previously unclaimed credit, use the drop-down menu to change the status from Not Claimed to Claimed.
  Updating the claim status is irreversible, once it has been updated, there is no way to remove or reverse that update. To prevent incorrect or erroneous updates, users have to first select the "Update" button on the record which triggers message # [redacted] 3, and a selection of "Okay" to proceed. Once those steps have been completed the record is updated.

Exception: # [redacted]

[redacted]#

(3) For a taxpayer to claim the credit, the dealer **must** submit a ToS report with the taxpayer's TIN (see above for eligible TIN types). If the tool does not provide confirmation of a ToS report, refer to IRM 21.5.1.5.6, Incomplete CII Claims.
Include the following (or similar) verbiage (may vary based on individual account conditions and/or characters available in open paragraphs) in correspondence to the taxpayer.
"We received your Form 8936 and Schedule A claiming a clean vehicle credit for the (vehicle year, type, and VIN) you purchased. Our records indicate the vehicle meets the requirements for the credit; however, we did not receive a Time of Sale (ToS) report from the dealer confirming the purchase. Please contact the dealer to verify the ToS report was submitted through the IRS Energy Credits Online (ECO) portal. If submitted, provide a copy of the approved ToS report. If the dealer did not submit a ToS report, you are not eligible to claim the clean vehicle credit."

- If the taxpayer responds and provides documentation that the dealer submitted the Time of Sale (ToS) report through the IRS Energy Credits Online (ECO) portal, including a copy of the approved ToS report (report status of Approved on top left of Form 15400, Clean Vehicle Seller Report), verify all other required information and allow the credit, regardless of VIN/TIN Lookup Tool results.
- If the taxpayer responds but does not provide a copy of the Time of Sale (ToS) report and IRS acceptance confirmation, check the VIN/TIN Lookup Tool. If the tool does show the TIN and required information, allow the credit.
- If the taxpayer responds but does not provide a copy of the Time of Sale (ToS) report and IRS acceptance confirmation, check the VIN/TIN Lookup Tool. If the tool does not show the TIN and required information, follow the table in paragraph 4.

(4) If the claim is complete, refer to the chart below for processing:

Row Number	If	And	Then
1	VIN(s) are valid and were not claimed on original return	The vehicle and taxpayer meet all qualifications for the credit. See IRM 21.6.3.4.1.36.1, Form 8936, Clean Vehicle Credits - Qualifications.	Allow credit
2	VIN(s) were claimed on original	The vehicle and taxpayer now meet all qualifications for the credit. See IRM	Allow credit

	return but not allowed	21.6.3.4.1.36.1, Form 8936, Clean Vehicle Credits - Qualifications.	
3	VIN(s) are missing on Form 8936 Schedule A	Taxpayer claims CVC.	Recompute the tax liability on the amended return and deny the credit following math error procedures in IRM 21.5.4.4.1, Setting the Initial Math Error Action.
4	VIN(s) are not valid	Taxpayer claims CVC.	Recompute the tax liability on the amended return and deny the credit following math error procedures in IRM 21.5.4.4.1, Setting the Initial Math Error Action.
5	VIN(s) are valid and match original return VIN(s)	CVC allowed for same VIN(s) on original return.	Recompute the tax liability on the amended return and deny the credit following math error procedures in IRM 21.5.4.4.1, Setting the Initial Math Error Action.
6	VIN(s) are valid and were not claimed on original return	Prior year and current year modified adjusted gross income (MAGI) are greater than the maximum allowable. See IRM 21.6.3.4.1.36.1, Form 8936, Clean Vehicle Credits - Qualifications.	Disallow claim per IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures. Include the following open paragraph in the letter, “We cannot allow your claim for the (new/previously-owned) clean vehicle credit because your Modified Adjusted Gross Income (MAGI) exceeds the maximum amount allowable based on your filing status.”
7	VIN (s) are valid and were not claimed on original return	Placed in Service Date not during the tax year, or after the termination of the credit	Disallow claim per IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures. Include the following open paragraph in the letter, “We cannot allow your claim for the clean vehicle credit because the vehicle’s placed in service date is not during the tax year.” or “We cannot allow your claim for the clean vehicle credit because the credit is no

			longer available for vehicles placed in service after September 30, 2025."
8	VIN (s) are valid and were not claimed on original return	The CVC claim exceeds $7,500 (New vehicle) or $4,000 or 30% of the purchase price (Previously-owned vehicle) per vehicle	Issue a partial disallowance for the amount of credit in excess of what the taxpayer is entitled to. Follow IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures. Include the following open paragraph in Letter 106C, "We can only allow "XX" of your claim for the (new/previously-owned) clean vehicle credit because your claim exceeds the maximum allowable credit."
9	VIN (s) are valid and were not claimed on original return	Vehicle for Business Use (Part II) is claimed and there is no business income or loss (e.g., Schedule C or Schedule F) attached to the return.	Disallow claim per IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures. Include the following open paragraph in the letter, "We cannot allow your claim for the Credit for Business/Investment Use Part of the New Clean Vehicles on Form 8936, Clean Vehicle Credits, because your return does not include any business income."
10	VIN(s) are valid and it is a tax year 2024 or later, return	The VIN/TIN Lookup Tool does not provide a TIN match, and the taxpayer did not submit a copy of the approved ToS report (report status of Approved on top left of Form 15400, Clean Vehicle Seller Report).	Disallow claim per IRM 21.5.3.4.6.1, Disallowance and Partial Disallowance Procedures. Include the following (or similar) open paragraph in the letter, "We cannot allow your claim for the clean vehicle credit because no Time of Sale report was submitted to the Internal Revenue Service through the IRS Energy Credits Online (ECO) portal." Include the dates the information was requested.

(5) To allow the credit:

a. Math verify Form 8936

b. Use TC 291 with a money amount to allow/increase the credit.

c. Use TC 290 with a money amount to decrease the credit.

d. Use RC 233 and the applicable source code and blocking series.

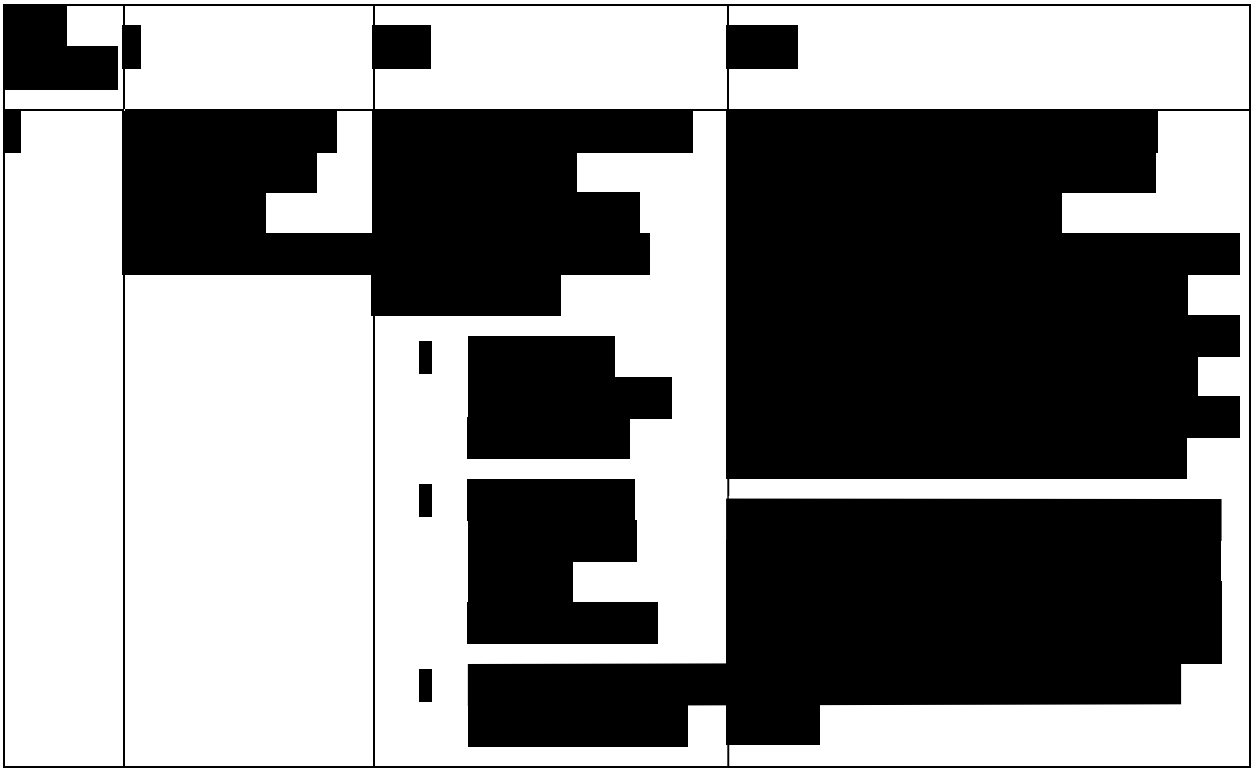
Note: Prior to May 2024, RC 036 was used for CVC adjustments.

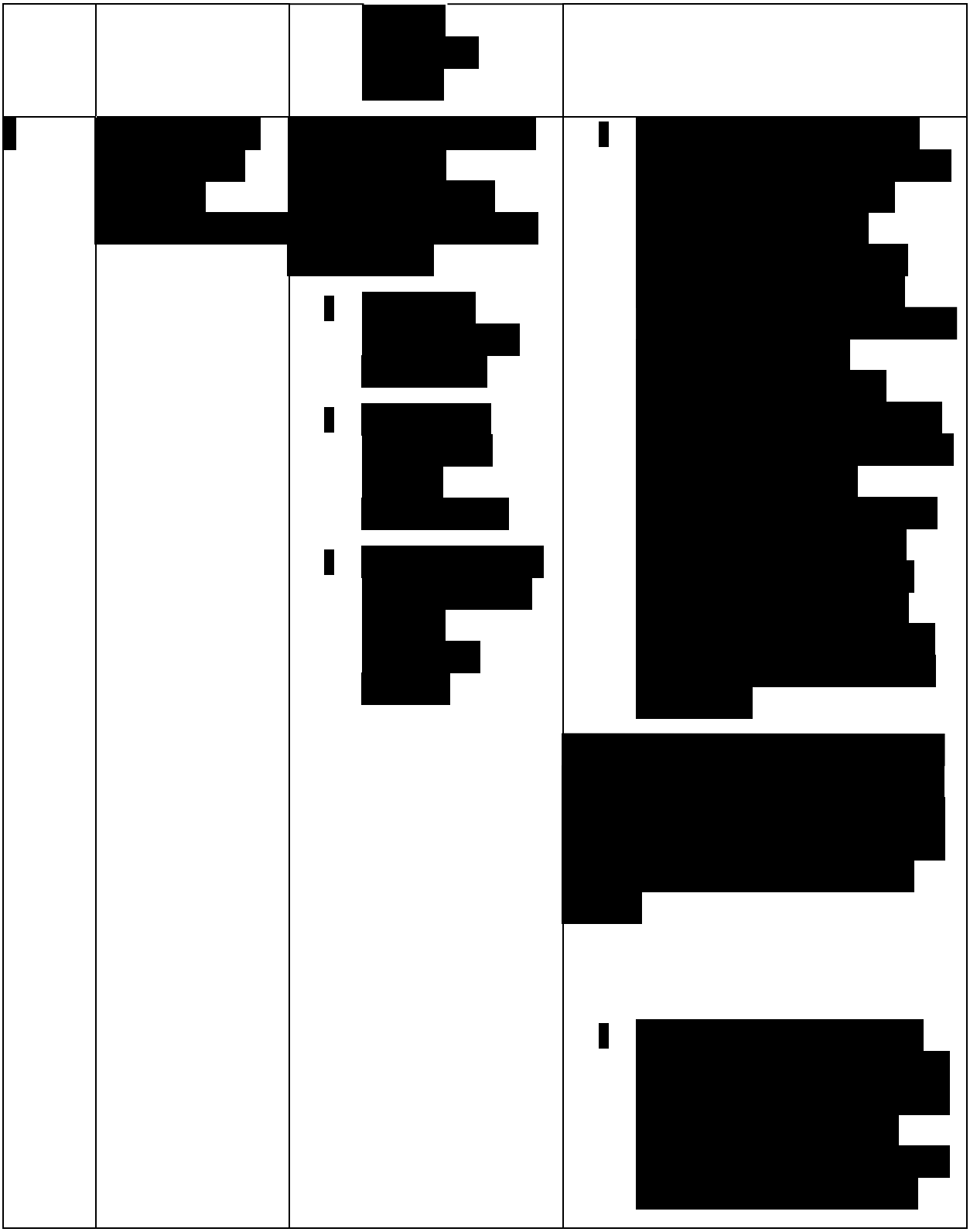
IRM 21.6.3.4.2.2.1 Added caution to refer to IRM 21.5.6.4.10.2 and IRM 21.5.6.4.10.3, for cases with TC 810 and RS 6 or 7.

(1) #

- [redacted]
- [redacted]
- [redacted]
- [redacted] #

(2) #





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[redacted]

[redacted]

#

(3) # [redacted]

[redacted]

[redacted]

#

IRM 21.6.3.4.2.6(1) Updated from column e to column f to be consistent with the form.

(1) Form 4136, Credit for Federal Tax Paid on Fuels, is used to claim certain nontaxable uses or sales of fuel during the income tax year. The corresponding Credit Reference Number (CRN) applicable to the type fuel tax paid is shown in column (f) of the Form 4136.

Note: The credits for renewable biodiesel and biodiesel mixtures and credits for alternative fuel are both extended through 2024. Taxpayers use Form 4136 to claim the credit for such mixtures or fuels that met the sale or use requirements for tax years 2017 – 2024.

IRM 21.6.3.4.2.6.2(1) Updated from column e to column f to be consistent with the form.

(1) The applicable CRN is listed in column (f) of the Form 4136, Credit for Federal Tax Paid Fuels.

Note: If Form 4136 is not attached (under tolerance), and the specific fuel type cannot be determined, process using CRN 362.