



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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The Honorable Frank R. Wolf
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Wolf:

Thank you for your letter dated July 11, 2011, on behalf of your constituent, . wrote about a potential abuse of the section 30D tax credit in which a car dealer could title to itself a vehicle subject to the credit, claim the credit, then sell the vehicle as a used vehicle.

The Energy Improvement and Extension Act of 2008 provided a credit for new qualified plug-in electric drive motor vehicles under section 30D of the Internal Revenue Code. The American Recovery and Reinvestment Act of 2009 (the Act) amended section 30D for vehicles acquired after December 31, 2009 (section 1141(a) of the Act). The amendment changed section 30D to narrow the scope of eligible vehicles and reduce the maximum amount of the credit available for a vehicle to its present level of \$7,500. The initial user of the vehicle, who must acquire the vehicle for use or lease and not for resale, is the only individual who qualifies for the credit (section 30D(d)(1)).

In the situation described, the dealership would acquire the vehicle for resale rather than for use or lease, as section 30D requires, and thus the dealership could not claim the credit. We are working to ensure that only the initial user of a vehicle who has acquired the vehicle for use or lease can claim the credit. For example, the draft of the 2011 Form 8936, on which taxpayers claim the section 30D credit, requires that a claimant list the Vehicle Identification Number to claim the credit. This change will help us determine whether the correct person is taking the credit.

I appreciate _____ comments on this issue, and I hope this information is helpful in responding to him. Please contact me at () _____ if I can assist you further.

Sincerely,

Curt G. Wilson
Associate Chief Counsel
(Passthroughs & Special Industries)