



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

OFFICE OF THE CHIEF COUNSEL

August 10, 2011

Number: **2011-0073**  
Release Date: 9/30/2011

CC:PSI:B06:  
GENIN-122264-11

UIL: 30D.00-00

Dear \_\_\_\_\_ :

This is in response to your letter, dated February 28, 2011, to Secretary Geithner, regarding the Federal Qualified Plug-In Electric Drive Motor Vehicle Credit. His office requested that I respond to your inquiry.

Section 30D of the Internal Revenue Code provides for a credit for certain new qualified plug-in electric drive motor vehicles. In general, the amount of credit available depends on the amount of battery capacity for a particular vehicle. The total amount of the credit allowed for a vehicle under section 30D is limited to \$7,500.

You asked whether a taxpayer who is entitled to a \$7,500 credit under section 30D, but has tax liability of less than \$7,500 for that year, may carry the additional credit amount over to the following tax year. In general, individual taxpayers calculate their tax liability on a yearly basis and a special provision must be found to allow a taxpayer to determine his or her tax liability in one year using income, deduction, or credit items that occurred during a different year. Section 30D does not contain such a special provision. On the contrary, § 30D(a) states "there shall be allowed as a credit against the tax imposed by this chapter *for the taxable year* an amount equal to the sum of the credit ... with respect to each new qualified plug-in electric drive motor vehicle *placed in service by the taxpayer during the taxable year.*" Thus, the credit is only allowed in the year in which the vehicle is placed in service and may not be carried over to future years or back to past years.

We note that, if a section 30D qualified vehicle is used in a trade or business, the purchaser of the vehicle is entitled to take the section 30D credit as part of the calculation of the income of the trade or business. If the trade or business has tax

liability of less than the \$7,500 credit amount, that amount may be carried back to prior years or forward to later years under the rules that apply to business credits.

We hope this information is helpful to you. If you require additional information please contact \_\_\_\_\_ of my staff at \_\_\_\_\_ (not a toll free call).

Sincerely,

Charles B. Ramsey  
Branch Chief, Branch 6  
(Passthroughs & Special Industries)