

Commercial Clean Vehicle Credit

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Businesses and tax-exempt organizations that buy a qualified commercial clean vehicle may qualify for a clean vehicle tax credit of up to \$40,000 under Internal Revenue Code (IRC) 45W.


Credit amount

Follow these steps to calculate the credit amount:

- Find the maximum credit amount based on the gross vehicle weight rating (GVWR) of the vehicle:
 - Less than 14,000 pounds (typically cars, vans, trucks, and similar passenger-sized vehicles): **maximum credit \$7,500**
 - 14,000 pounds or more (typically larger vehicles like school buses and semi-trucks): **maximum credit \$40,000**
- Calculate a percentage of [your basis](#) (the amount of your investment for tax purposes) in the vehicle based on engine type:
 - 30% of basis for a vehicle that **is not powered** by a gasoline or diesel internal combustion engine, such as an electric vehicle (EV) or fuel cell electric vehicle (FCEV).
 - 15% of basis for a vehicle that **is powered** (even partially) by a gasoline or diesel internal combustion engine, such as a plug-in-hybrid electric vehicles (PHEV).
- Find the incremental cost of the vehicle (the excess of its purchase price over that of a comparable vehicle powered only by gas or diesel internal combustion).

For electric vehicles [placed in service in 2024](#), use the Department of Energy's incremental cost analysis for the appropriate class of vehicle:

- \$7,000 for compact plug-in hybrid electric vehicles (PHEVs) (includes minicompact and subcompact cars) with a GVWR of less than 14,000 pounds
- \$7,500 for all street electric vehicles, other than compact car PHEVs, with a GVWR of less than 14,000 pounds
- \$40,000 for all other vehicles with a GVWR of 14,000 pounds or more

For previous calendar years, please refer to the Department of Energy's [incremental cost methodology page](#) .

- Compare the maximum credit amount, percentage of basis, and incremental cost. The **smallest figure** is your credit amount.

Who qualifies

so you can't get back more on the credit than you owe in taxes. A 45W credit can be carried over as a general business credit.

Vehicles that qualify

To qualify, a vehicle must be subject to a depreciation allowance, with an exception for vehicles placed in service by a tax-exempt organization and not subject to a lease.

The vehicle must also:

- Be made by a qualified manufacturer as defined in [IRC 30D\(d\)\(1\)\(C\)](#) (see our [index](#) of qualified manufacturers)
- Be for use in your business, not for resale
- Be for use primarily in the United States
- Not have been allowed a credit under sections 30D or 45W

In addition, the vehicle must either be:

- Treated as a motor vehicle for purposes of title II of the Clean Air Act and manufactured primarily for use on public roads (not including a vehicle operated exclusively on a rail or rails); or
- Mobile machinery as defined in [IRC 4053\(8\)](#) (including vehicles that are not designed to perform a function of transporting a load over a public highway)

The vehicle or machinery must also either be:

- A plug-in electric vehicle that draws significant propulsion from an electric motor with a battery capacity of at least:
 - 7 kilowatt hours if the gross vehicle weight rating (GVWR) is under 14,000 pounds
 - 15 kilowatt hours if the GVWR is 14,000 pounds or more; or
- A fuel cell motor vehicle that satisfies the requirements of [IRC 30B\(b\)\(3\)\(A\) and \(B\)](#).

How to claim the credit

Partnerships and S corporations must file [Form 8936, Clean Vehicle Credits](#).

All other taxpayers report this credit on line 1y in Part III of [Form 3800, General Business Credit](#).

A tax-exempt entity must file a [Form 990-T, Exempt Organization Business Income Tax Return](#) PDF with an attached Form 3800, even if a Form 990-T would not otherwise be required to be filed.

Related

- [Frequently asked questions about the Commercial Clean Vehicles Credit](#)
- [Credits for new electric vehicles purchased in 2022 or before](#)
- [Used Clean Vehicle Credit](#)
- [Clean Vehicle Credit qualified manufacturer requirements](#)
- [Credits and deductions under the Inflation Reduction Act of 2022](#)

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