



# FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

## **Tax Credits Available for Alternative Motor Vehicles**

EDWARDSVILLE, IL, January 21, 2010 - The [Internal Revenue Service \(IRS\)](#) recently provided guidance on a process that manufacturers can use to certify the amount of credit the purchaser of a hybrid or lean burn vehicle can claim. Taxpayers purchasing these vehicles can rely on the manufacturer's certification when they claim the credit on their tax return.

Hybrid vehicles have drive trains powered by both an internal combustion engine and a rechargeable battery. Many currently available hybrid vehicles qualify for the tax credit. The [Energy Policy Act of 2005](#) replaced the clean-fuel burning deduction with a tax credit. A tax credit is subtracted directly from the total amount of federal tax owed, thereby reducing a taxpayer's tax obligation. The tax credit for hybrid vehicles applies to vehicles purchased or placed in service on or after January 1, 2006.

### ***Tax Credit for Ford Hybrids Phased Out***

The [tax credit for hybrid passenger automobiles and light trucks manufactured by Ford Motor Company](#) is being phased out for purchases made after March 31, 2009. Taxpayers may claim the full amount of the credit only on purchases made before April 1, 2009. For vehicles purchased for use or lease on or after April 1, 2009, and on or before September 30, 2009, the credit is 50 percent of the full amount. For vehicles purchased for use or lease on or after October 1, 2009, and on or before March 31, 2010, the credit is 25 percent of the full amount. For vehicles purchased for use or lease on or after April 1, 2010, no credit is allowable.

### ***Qualified Plug-In Electric Vehicles***

The [Emergency Economic Stabilization Act of 2008 \(EESA\)](#) and the [American Recovery and Reinvestment Act of 2009 \(ARRA\)](#) created two new tax credits for various types of electric vehicles. During 2009, low-speed four-wheeled vehicles manufactured primarily for use on public streets, roads and highways (neighborhood electric vehicles) may qualify both for the EESA credit and, if purchased after February 17, 2009, for the ARRA credit for low-speed electric vehicles.

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