

[17] Clean Vehicle Credit: The electric vehicle tax credit was also revised by the Inflation Reduction Act (including a name change to the Clean Vehicle Credit). Most of the amendments to the EV credit don't apply until 2023. However, there could be some impact on your 2022 tax return if you buy an electric vehicle this year.

One of the changes made by the Inflation Reduction Act requires final assembly of a qualifying clean vehicle to occur in North America. This requirement is effective for vehicles sold after August 16, 2022 (i.e., the date the legislation was signed into law). Therefore, if you purchase an electric vehicle between August 17 and the end of the year, you won't qualify for the existing credit for the purchase of a new electric vehicle if it wasn't assembled in North America. To help determine if a vehicle satisfies this new requirement, the U.S. Department of Energy has a general list of vehicles with final assembly in North America on its website([opens in new tab](#)). However, before buying a new electric vehicle, you should also check the National Highway Traffic Safety Administration's VIN number decoder([opens in new tab](#)) to be absolutely make sure the exact vehicle you intend to purchase qualifies for the new credit (look for the "Plant Information" on the results page).

Two other new requirements could also trip up EV buyers in 2022. Under the new law, in order for an electric vehicle to qualify for the credit, a certain percentage of the critical minerals in the vehicle's battery must be (1) extracted or processed in the U.S. or a country that has a free trade agreement with the U.S., or (2) recycled in North America. In addition, a certain percentage of the vehicle's battery components must be manufactured or assembled in North America. These requirements don't take effect until the Treasury Department issues proposed guidance about them. The guidance must be issued by December 31, 2022. So, if the guidance is issued earlier in the year, these requirements potentially could apply to some EV purchases in 2022.

For some people, there's a loophole available that will allow them to bypass any of the new requirements. If you purchased a new electric vehicle (or entered into a written binding contract to do so) before August 16, 2022, but you don't actually take possession of the vehicle until August 16 or later, you can still claim the credit based on the old rules in place before August 16. So, for example, the final assembly requirement wouldn't apply in that situation.