

## **Federal Hybrid Vehicle Tax Credits**

The Internal Revenue Service (IRS) has acknowledged the certification by Nissan North America, Inc. (NNA) that the 2010 Nissan Altima Hybrid qualifies for federal tax credits in the amount of \$2,350. The Energy Policy Act of 2005 established federal tax credits for qualified hybrids purchased after January 1, 2006. The credit was designed to encourage purchases of fuel-efficient hybrid-electric vehicles that help to reduce air pollution and use less gasoline.

How to qualify for the tax credit:

- 1) The Hybrid vehicle must be **new**. Used vehicles will not qualify.
- 2) The Hybrid vehicle must be **purchased**.
  - a) The credit is only available to the original purchaser. If the vehicle is leased to a consumer, the leasing company may claim the credit, not the lessee.
- 3) The Hybrid vehicle must be placed in service on or after January 1, 2006 and purchased on or before December 31, 2010.
- 4) The tax credit is claimed by the purchaser on their federal income tax return. The purchaser must retain appropriate documentation showing the purchase of the vehicle and the date of the delivery of the vehicle.
- 5) Benefit of the credit will be substantially **reduced or eliminated** if the purchaser is subject to the federal alternative minimum tax (AMT).

## **Eligible Vehicles**

As of October 6, 2009, the IRS acknowledged NNA's certification for the 2010 Nissan Altima Hybrid and the hybrid vehicle credit in the amount of \$2,350.

Please visit the website link "[Click here for the IRS Certification of 2010 Nissan Altima Hybrid](#)" for more information

## **Hybrid Tax Credit Phase Out**

The hybrid vehicle credit begins to phase out in the second calendar quarter after the calendar quarter in which at least 60,000 of the manufacturer's qualifying passenger automobiles and light trucks have been sold. At that point, the tax credit is reduced by one-half for the next six months; by another one-half for the next six months; and then phased out completely. Manufacturers must submit to the IRS a report of the number of qualified vehicles sold to a retail dealer during the calendar quarter. The IRS will issue an acknowledgement letter to the vehicle manufacturer stating whether purchasers may continue to rely on the certification.

The date of purchase determines the amount of the credit available for a vehicle, i.e. whether a vehicle is eligible for the full credit or whether a portion of the credit is phased-out. The placed in-service date determines the taxable year in which the credit may be claimed.

**Credit amounts for other cars. For comparison only. Not all hybrids are listed.**

The following hybrid tax credit amounts have been certified by the IRS:

Model Year	Make	Model	Credit Amount	
2010	Nissan	Altima Hybrid	\$2,350	
2009	Chevrolet	Malibu Hybrid	\$1,550	
2009	Saturn	Aura Hybrid	\$1,300	
2010	Ford*	Ford Fusion Hybrid	<b>Purchase Date</b>	
			Before 04-01-09	\$3,400
			4-1-09 / 9-30-09	\$1,700
			10-1-09 / 3-31-10	\$850
		After 4-1-10	\$0	

\* Toyota Motor Sales, Inc. (including Lexus) has already met its 60,000 unit threshold. Effective 10-1-07, Toyota and Lexus hybrid vehicles do not qualify for the Federal Hybrid Vehicle Tax Credit.

\* American Honda Motor Company, Inc. has already met its 60,000 unit threshold. Effective 1-1-08, Honda hybrid vehicles do not qualify for the Federal Hybrid Vehicle Tax Credit.

\* Ford Motor Corp. has already met its 60,000 unit threshold. Effective 4-1-09, Ford hybrid vehicles qualify for reduced credit amounts.

**Additional Information**

For additional information about the hybrid tax credits please visit one of these 3<sup>rd</sup> party sites:

- Internal Revenue Service (IRS) ([Summary of the Credit for Qualified Hybrid Vehicles](#))
- Fuel Economy.gov ([Tax Incentives Information Center](#))
- U.S. Department of Energy ([Tax Breaks](#))

**This summary does not constitute tax advice. All persons considering the use of this hybrid vehicle tax credit should consult with their own tax professional to determine the specific amount of benefit, if any, that they may be able to claim on their federal income tax returns. Your tax professional may also have information on possible state and local tax incentives that may be available to Hybrid vehicle owners. This information is based on the federal income tax law in effect in January 2007, and may be changed, without notice, by later changes to the tax law or further action by the IRS.**