

Tax Incentives for Buying or Leasing Your Cars

Several tax incentives are available for individuals who purchase specific types of specialized energy-efficient cars and trucks. These tax credits are for cars used for either personal or business use.

The table below provides brief descriptions of the credits available. The IRS regularly updates its list of cars by makes and models that qualify for the tax credits. Drivers will want to consult IRS Form 8910 and its instructions for the “fine print” that will guide them through the kinds of cars that will qualify for various credits. The information can be located at www.irs.gov (click on Forms and Publications).

Type of Property	Amount of Credit	Use Before
Electric plug-in cars (or trucks) that run on batteries charged externally.	\$2500 is base amount. Credit increases by \$417 for each additional kilowatt hour of battery capacity above 4 kilowatt hours. Maximum credit amounts determined by weight of vehicle. Range of credits: \$7500-\$15,000.	Credit will no longer be available after 250,000 electric plug-in vehicles have been sold or leased.
Alternate fuel cell cars or trucks. Fuel cells have a hydrogen-based power source.	Credit varies depending on weight of vehicle. Cars and trucks eligible. Credit amount ranges from \$8000 to \$40,000. Additional credits up to \$4000 allowed for exceeding fuel-efficiency goals.	January 1, 2015
Hybrid cars that have both an internal combustion engine and a rechargeable stored energy source.	Credit is sum of two variables: fuel economy (\$400-\$2400) and conservation (\$250-\$1000).	January 1, 2011