

IRS Revises Body-Style Classifications for EV Incentives

Sanity Finally Reigns

The body-style of an EV determines the MSRP cap for incentive eligibility. Sedans have an MSRP cap of \$55,000 and SUVs, pickups, and vans can be eligible up to \$80,000. MSRP is defined by the manufacturer suggested base price plus factory-installed options. Dealer installed options, software, taxes, and destination fees are not included.

The first round of classifications issued by the IRS fell in the “What were you thinking” category. For example, the Tesla Model Y 5-seat was classified as a sedan while the 7-seat version, which uses the exact same body, was an SUV.

These classifications have been revisited and it is looking much better. All Model Ys are now SUVs. The same is true for the Ford Mustang Mach-E, which had been classified as a sedan. All versions of the Volkswagen ID.4 are now SUVs.

The old classifications were based on the EPA CAFE standards. The revisions result from moving to the consumer-facing EPA Fuel Economy Labeling standard.

This is the [IRS page](#) with all of the vehicles for which a determination has been made.

Best of all, these changes are retroactive to January 1! And because of the delay in battery rule making, all of these vehicles receive the full \$7500.