

Are You Ready for a Transfer?

IRA Incentive Update – Transfer Provision Goes Into Effect in January

A Tax Credit Becomes a Point of Sale Rebate

The transfer provision of the federal IRA EV incentive is scheduled to go into effect in January. This provision meaningfully improves upon a tax credit:

- The incentive becomes a point of purchase rebate.
- It can be used by people even if they don't have the tax liability to be able to use a tax credit.

The IRS published a draft of its rulemaking on October 6 and plans to issue final rules shortly. Much of the rulemaking has to do with implementation details. This is a summary:

- The IRS will be launching a new website called IRS Energy Credits Online and dealers must register with this site to participate. Consumers can only obtain the incentive from a registered dealer.
- Participating dealers will use the site to verify a vehicle's incentive eligibility, register the sale, and indicate whether (or not) the buyer elected the transfer option.
- For buyers choosing to transfer the credit to the seller, the dealer must reduce the invoice amount by the full amount of the available incentive.
- Dealers must provide written documentation to the customer regarding the vehicle's incentive eligibility.
- Once the sale is registered, the IRS will issue payment

to the dealer within 72 hours. (When the transfer was initially announced, dealers were concerned about the potential to incur significant carrying charges.)

- Dealers get repaid whether or not they have tax liability to absorb a tax credit.
- Consumers must attest in writing that they are eligible for the incentive. This mainly applies to the income caps. A buyer must fall within the caps for either the year they make the purchase or the prior year. If that turns out not to be the case, the consumer must repay the incentive to the IRS.
- Incentive payments do not count as income for either the dealer or the consumer.

This is a link to the IRS [press release](#).