

## **DEPARTMENT OF THE TREASURY**

INTERNAL REVENUE SERVICE WASHINGTON. D.C. 20224

April 22, 2010

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The Honorable Richard G. Lugar United States Senate Washington, DC 20510

Attention:

Dear Senator Lugar:

Thank you for your letter dated March 23, 2010, on behalf of your constituent,

wrote that the Internal Revenue Service had ruled that the credit for the purchase of new qualified plug-in electric drive motor vehicles [section 30D of the Internal Revenue Code (the Code)] does not apply to low-speed vehicles acquired after December 31, 2009. He asked that the section 30D credit continue to apply to low-speed vehicles acquired after that date.

The Energy Improvement and Extension Act of 2008 enacted section 30D of the Code. In Notice 2009-54, we described the process by which manufacturers can certify that their vehicles meet the requirements of section 30D for vehicles acquired in 2009. Notice 2009-54 provides that low-speed vehicles qualify for the section 30D credit as originally enacted.

The American Recovery and Reinvestment Act of 2009 (the Act) amended section 30D of the Code, for vehicles acquired after December 31, 2009 (section 1141(a) of the Act). The amendment changed section 30D to narrow the scope of eligible vehicles and reduce the maximum amount of the credit available for a vehicle. Before its amendment, section 30D imposed no limit on the gross vehicle weight rating of the vehicles eligible for the credit. The maximum credit available could vary from \$7,500 to \$15,000, depending on the gross vehicle weight rating and battery capacity of a vehicle. As amended, section 30D applies only to vehicles with a gross vehicle weight rating of less than 14,000 pounds, and the maximum credit is \$7,500. In addition, section 30D, as amended, does not allow a credit for low-speed vehicles, as noted in Notice 2009-89. Extending the section 30D credit to low-speed vehicles acquired after December 31, 2009, would require legislative action by the Congress.

Certain low-speed vehicles, however, are eligible for the plug-in electric vehicle credit (section 30 of the Code). The credit is equal to 10 percent of the cost of the vehicle up to a maximum credit of \$2,500. Notice 2009-58 generally describes the section 30 credit.

I hope this information is helpful in responding to . As you requested, I am replying in duplicate and returning the enclosure. Please contact me at if I can assist you further.

Sincerely,

Charles B. Ramsey Branch Chief, Branch 6 (Passthroughs & Special Industries)

Enclosures (2)