

**JUNE 2023**

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**TEXAS Law**

The University of Texas at Austin  
School of Law

# **INFLATION REDUCTION ACT PART 2**

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# Section 45W - Qualified Commercial Clean Vehicles



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## Eligible Property

- **Qualified commercial clean vehicles that are “clean” vehicles as defined in Code Section 30D or fuel cell vehicles as defined in Code Section 30B. In addition the vehicle must be:**
  - Acquired for use or lease by the taxpayer and not for resale,
  - Of a character subject to the allowance for depreciation (unless not subject to a lease and placed in service by a tax-exempt entity), and
  - Not eligible for Section 30D Clean Vehicle Credit has been allowed.
- **If the vehicle is a clean vehicle, it must be:**
  - Propelled to a “significant extent” by an electric motor/battery that has a capacity of at least 15 kilowatt hours (or, for commercial vehicles with a GVWR of less than 14,000 pounds, at least 7 kilowatt hours of battery capacity), and
  - Capable of being recharged from an external source of electricity.
- **Qualified Fuel Cell Motor Vehicles are also eligible for the commercial vehicle credit.**

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## Credit Amount

- **The lesser of:**
  - 15% of the basis in the vehicle (increased to 30% if the vehicle is neither gas nor diesel powered), or
  - The increased price of the clean vehicle relative to a comparable vehicle. A “comparable vehicle” is any vehicle of comparable size and use to the eligible clean vehicle and that is powered solely by a gasoline or diesel engine; comparable vehicles need not necessarily be of the same model or even of the same manufacturer.
- **The credit amount is subject to a hard cap of:**
  - \$7,500 for vehicles with a GVWR of less than 14,000 pounds, or
  - \$40,000 for all other eligible vehicles.

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## Section 30C - Alternative Fuel Refueling Property



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