Electric vehicle incentives majuro

Electric vehicle incentives majuro

If you"re thinking about buying an electric car or a plug-in hybrid, you should be aware that the incoming Trump administration has proposed getting rid of a federal EV tax credit of up to $7,500, according to a report from Reuters--a change that could make new and used EVs and PHEVs more expensive for consumers.

"It will likely take some time for policymakers to repeal or limit these incentives, but if you"re looking to buy an EV and save thousands of dollars by using tax credits, it"s better to buy sooner rather than later," says Alexandra Grose, senior policy counsel at Consumer Reports.

The tax credit is still available on eligible vehicles in the meantime. However, that doesn"t mean you should rush into a purchase you"re not ready for. "Only make a purchase if you"ve already done your research and found a safe, reliable EV or PHEV that fits your needs and budget," says Jake Fisher, senior director of CR"s auto test center. "But don"t buy a car just for the sake of getting the tax credit."

Currently, the credit depends on where EVs are made, where their battery components and minerals come from, how much they cost, and how much buyers earn. Vehicles must be manufactured in North America and have an MSRP below $80,000 for an SUV and $55,000 for a sedan, wagon, or hatchback.

However, you may still be able to get the benefits of the credit if you lease an EV instead of purchasing it. Plug-in hybrids may qualify for the tax credit, but regular hybrids will not.

We"ve tested versions of many of these models; click through the model names below for road tests and ratings. Others on the list are either EVs that aren"t on sale yet or plug-in hybrid versions that we haven"t purchased for evaluation but have experienced in most cases.

The Treasury Department"s official list of eligible vehicles shows that the following vehicles qualify for a full $7,500 tax credit if placed in service between Jan. 1 and Dec. 31 of 2024:

For 2024, the Rear Wheel Drive and Long Range versions of the Tesla Model 3, the Ford Mustang Mach-E and E-Transit van, and the Lincoln Aviator Grand Touring plug-in hybrid (PHEV) will no longer qualify.

To qualify for the first $3,750, a portion of a vehicle"s battery components must be produced or assembled in North America. To get the second $3,750, a portion of the critical minerals used in the battery must be extracted or processed in the U.S. or in a country that is a U.S. free trade agreement partner, or they must have been made from materials recycled in North America. These percentages were set to go up every year starting in 2024, which is also when vehicles with components from countries that have been designated "foreign entities of concern" are no longer eligible for a tax credit.

None of these regulations apply to leased EVs and PHEVs, so potential buyers interested in an electric car or plug-in hybrid that isn''t eligible for a tax credit may want to consider leasing instead of purchasing--although tax credits on leases will also likely go away with the Trump administration''s changes.

The Treasury Department initially said that the tax credit''s sourcing and assembly requirements were aimed at moving EV manufacturing and sourcing away from China and to the U.S. We don''t yet know how any of the Trump administration''s changes will affect the automotive industry, including those manufacturers who have made significant investments in U.S.-based EV manufacturing. However, repealing the credit will likely add an affordability barrier for consumers who want to purchase vehicles with lower tailpipe emissions.

As of 2024, eligibility is determined based on the individual vehicle--not by model. Automakers submit the vehicle identification numbers (VINs) of eligible vehicles to the IRS, and only those vehicles qualify for a tax credit.