

Part III – Administrative, Procedural, and Miscellaneous

Certain Definitions of Terms in Section 30D Clean Vehicle Credit

Notice 2023-16

SECTION 1. PURPOSE

This notice modifies Notice 2023-1, 2023-3 I.R.B. 373, by revising the vehicle classification standard that the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) intend to propose in regulations under § 30D of the Internal Revenue Code (Code) for classifying vehicles as vans, sport utility vehicles, pickup trucks, and other vehicles for purposes of the clean vehicle credit (§ 30D credit).¹

SECTION 2. BACKGROUND

Section 30D(f)(11)(A) provides that no § 30D credit is allowed for a vehicle with a manufacturer's suggested retail price in excess of the applicable limitation. Section 30D(f)(11)(B) provides that the "applicable limitation" for each vehicle classification is as follows: (i) in the case of a van, \$80,000; (ii) in the case of a sport utility vehicle, \$80,000; (iii) in the case of a pickup truck, \$80,000; and (iv) in the case of any other vehicle, \$55,000. Section 30D(f)(11)(C) authorizes the Secretary of Treasury or her delegate (Secretary) to prescribe such regulations or other guidance as the Secretary determines necessary to determine vehicle classifications using criteria similar to that

¹ Unless otherwise specified, all "section" or "§" references are to sections of the Code.

employed by the Environmental Protection Agency (EPA) and the Department of Energy to determine size and class of vehicles.

On December 29, 2022, the Treasury Department and the IRS issued Notice 2023-1, which describes the expected definitions of certain terms to be included in the forthcoming proposed regulations announced in Notice 2023-1.

Section 3.04 of Notice 2023-1 states that, for purposes of § 30D(f)(11)(B), the proposed regulations are expected to provide that (1) a vehicle's vehicle classification is to be determined consistent with the rules and definitions provided in 40 CFR 600.002 for vans, sport utility vehicles, and pickup trucks, and (2) a vehicle described in § 30D(f)(11)(B)(iv) is a vehicle that is not considered a van, sport utility vehicle, or pickup truck consistent with the rules and definitions provided in 40 CFR 600.002. As described in section 3 of this notice, the Treasury Department and the IRS have determined that a different vehicle classification standard should be used for purposes of § 30D(f)(11)(B).

SECTION 3. MODIFICATION TO NOTICE 2023-1

This notice modifies the expected vehicle classification standard set forth in Notice 2023-1 for determining whether a vehicle is a van, sport utility vehicle, pickup truck, or other vehicle for purposes of the § 30D credit. Instead of the standard described in Notice 2023-1, the proposed regulations are expected to provide that, for purposes of § 30D(f)(11)(B), a vehicle's vehicle classification is to be determined consistent with the fuel economy labeling regime described in 40 CFR 600.315-08 for vans, sport utility vehicles, pickup trucks, and passenger vehicles, as classified by the Administrator of the EPA. Accordingly:

(i) “Van” means a vehicle classified as a van or minivan under 40 CFR 600.315-08(a)(2)(iii) and (iv), or otherwise so classified by the Administrator of the EPA pursuant to 40 CFR 600.315-08(a)(3)(ii).

(ii) “Sport utility vehicle” means a vehicle classified as a small sport utility vehicle or standard sport utility vehicle under 40 CFR 600.315-08(a)(2)(v) and (vi), or otherwise so classified by the Administrator of the EPA pursuant to 40 CFR 600.315-08(a)(3)(ii).

(iii) “Pickup truck” means a vehicle classified as a small pickup truck or standard pickup truck under 40 CFR 600.315-08(a)(2)(i) and (ii), or otherwise so classified by the Administrator of the EPA pursuant to 40 CFR 600.315-08(a)(3)(ii).

(iv) “Other vehicle” means any vehicle classified in one of the classes of passenger automobiles listed in 40 CFR 600.315-08(a)(1), or otherwise so classified by the Administrator of the EPA pursuant to 40 CFR 600.315-08(a)(3)(ii).

SECTION 4. APPLICABILITY DATE

Until the date of issuance of the forthcoming proposed regulations under §30D, taxpayers may rely on the expected definitions described in section 3 of Notice 2023-1, as modified by section 3 of this notice, for new clean vehicles placed in service on or after January 1, 2023.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Notice 2023-1 is modified as provided in this notice. Except as explicitly provided in section 3 of this notice, this notice does not otherwise affect the guidance provided in Notice 2023-1.

SECTION 6. DRAFTING INFORMATION

The principal author of this notice is the Office of Associate Chief Counsel

(Passthroughs & Special Industries). However, other personnel from the Treasury Department and the IRS participated in its development. For further information regarding this notice, call the energy security guidance contact number at (202) 317-5254 (not a toll-free call).