



Registered Investment Adviser  
Division of Kevin Hart Kornfield & Co. Inc.  
Originally Established 1986

Thursday, March 2, 2023

Dear Clients,

Last August President Biden signed into law the Inflation Reduction Act. Among other things, it provided for federal tax credits to qualified buyers of electric vehicles. Tax credits can reduce tax liability dollar-for-dollar.

Below are some general provisions of the law (from NPR and Edmunds). You need to confirm this data with your respective tax professional and vehicle dealer.

The following rules to receive tax credits are effective as of January 1, 2023:

- **Price limits for new vehicles**

1. **SUVs, vans and pickup trucks:** no more than \$80,000 retail price;
2. **Any other qualifying vehicle:** no more than \$55,000.

- **Income limits for new vehicles**

These limits are based on modified adjusted gross income (MAGI), which is roughly the adjusted gross income with certain allowable deductions added back in. Depending on filing status, the limits are:

1. **Joint tax returns or a surviving spouse:** MAGI must not exceed \$300,000.
2. **Head of household:** MAGI must not exceed \$225,000.
3. **Individual or any other filing status:** MAGI must not exceed \$150,000. **SOURCE: Edmunds**

**Until March 2023, the full \$7,500 tax credit will be available regardless of battery origins.** So if you're considering buying an EV that checks the box for final assembly in North America but may not satisfy one or both of the battery requirements, know that the vehicle will continue to be eligible for the full \$7,500 tax credit until the Treasury Department's March rules update. **SOURCE: NPR**

EV sticker prices have fallen more rapidly than expected so far this year due to factors such as increased competition and the government tax incentives described above. If the price trend continues as expected, EVs could approach prices similar to those of comparable gasoline-powered vehicles.

This week marks year five that my wife has been driving a fully electric Chevy Bolt. This is the smaller of the two Bolt models for sale. It has been an excellent experience. It is our local car. Quiet, fast, nice handling, fun to drive, and minimal upkeep. GM did replace the batteries and there were some recalls.

If you are thinking about a new car, EV's can help our air quality and be fun to drive.

As always, thanks very much for your business!

Very best regards,