

1988, with special rule where death benefit increases by more than \$150,000, certain other material changes taken into account, and certain exchanges permitted, see section 5012(e) of Pub. L. 100-647, set out as an Effective Date note under section 7702A of this title.

EFFECTIVE DATE OF 1986 AMENDMENTS

Amendment by section 261(c) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 261(g) of Pub. L. 99-514, set out as an Effective Date note under section 7518 of this title.

Amendment by section 632(c)(1) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, but only in cases where the return for the taxable year is filed pursuant to an S election made after Dec. 31, 1986, see section 633(b) of Pub. L. 99-514, as amended, set out as an Effective Date note under section 336 of this title.

Amendment by section 632(c)(1) of Pub. L. 99-514 not applicable in the case of certain transactions, see section 54(d)(3)(D) of Pub. L. 98-369, as amended, set out as an Effective Date of 1984 Amendment note under section 311 of this title.

Amendment by section 701(c)(1) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, with certain exceptions and qualifications, see section 701(f) of Pub. L. 99-514, set out as an Effective Date note under section 55 of this title.

Section 516(c) of Pub. L. 99-499 provided that: "The amendments made by this section [enacting section 59A of this title and amending this section and sections 164, 275, 936, 1561, 6154, 6425, and 6655 of this title] shall apply to taxable years beginning after December 31, 1986."

EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98-369, set out as an Effective Date of 1984 Amendment note under section 21 of this title.

APPLICABILITY OF CERTAIN AMENDMENTS BY PUBLIC LAW 99-514 IN RELATION TO TREATY OBLIGATIONS OF UNITED STATES

For applicability of amendment by section 701(c)(1) of Pub. L. 99-514 notwithstanding any treaty obligation of the United States in effect on Oct. 22, 1986, with provision that for such purposes any amendment by title I of Pub. L. 100-647 be treated as if it had been included in the provision of Pub. L. 99-514 to which such amendment relates, see section 1012(aa)(2), (4) of Pub. L. 100-647, set out as a note under section 861 of this title.

TREATMENT OF TAX IMPOSED UNDER FORMER SECTION 409(c)

Section 491(f)(5) of Pub. L. 98-369, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: "For purposes of section 26(b) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as amended by this Act), any tax imposed by section 409(c) of such Code (as in effect before its repeal by this section) shall be treated as a tax imposed by section 408(f) of such Code."

SUBPART B—OTHER CREDITS

Sec. 27.	Taxes of foreign countries and possessions of the United States; possession tax credit.
[28, 29.	Renumbered.]
30.	Certain plug-in electric vehicles.
30A.	Puerto Rico economic activity credit.
30B.	Alternative motor vehicle credit.
30C.	Alternative fuel vehicle refueling property credit.
30D.	New qualified plug-in electric drive motor vehicles.

AMENDMENTS

2009—Pub. L. 111-5, div. B, title I, § 1142(b)(8), Feb. 17, 2009, 123 Stat. 331, substituted "Certain plug-in electric

vehicles" for "Credit for qualified electric vehicles" in item 30.

2008—Pub. L. 110-343, div. B, title II, § 205(d)(4), Oct. 3, 2008, 122 Stat. 3839, added item 30D.

2005—Pub. L. 109-135, title IV, § 412(e), Dec. 21, 2005, 119 Stat. 2637, substituted "Alternative fuel vehicle refueling property credit" for "Clean-fuel vehicle refueling property credit" in item 30C.

Pub. L. 109-58, title XIII, §§ 1322(a)(3)(K), 1341(b)(5), 1342(b)(5), Aug. 8, 2005, 119 Stat. 1012, 1049, 1051, struck out item 29 "Credit for producing fuel from a non-conventional source" and added items 30B and 30C.

1997—Pub. L. 105-34, title XVI, § 1601(f)(1)(B), Aug. 5, 1997, 111 Stat. 1090, substituted "Puerto Rico" for "Puerto Rican" in item 30A.

1996—Pub. L. 104-188, title I, §§ 1205(a)(3)(A), 1601(b)(2)(E), (F)(i), Aug. 20, 1996, 110 Stat. 1775, 1833, substituted "Other Credits" for "Foreign Tax Credits, Etc." in subpart heading, struck out item 28 "Clinical testing expenses for certain drugs for rare diseases or conditions", and added item 30A.

1992—Pub. L. 102-486, title XIX, § 1913(b)(2)(A), Oct. 24, 1992, 106 Stat. 3020, added item 30.

1986—Pub. L. 99-514, title II, § 231(d)(3)(J), Oct. 22, 1986, 100 Stat. 2180, struck out item 30 "Credit for increasing research activities".

1984—Pub. L. 98-369, div. A, title IV, § 471(b), July 18, 1984, 98 Stat. 826, added subpart B heading and analysis of sections for subpart B consisting of items 27 (formerly 33), 28 (formerly 44H), 29 (formerly 44D), and 30 (formerly 44F). Former subpart B was redesignated E.

§ 27. Taxes of foreign countries and possessions of the United States; possession tax credit

(a) Foreign tax credit

The amount of taxes imposed by foreign countries and possessions of the United States shall be allowed as a credit against the tax imposed by this chapter to the extent provided in section 901.

(b) Section 936 credit

In the case of a domestic corporation, the amount provided by section 936 (relating to Puerto Rico and possession tax credit) shall be allowed as a credit against the tax imposed by this chapter.

(Aug. 16, 1954, ch. 736, 68A Stat. 13, § 33; Pub. L. 94-455, title X, § 1051(a), Oct. 4, 1976, 90 Stat. 1643; renumbered § 27, Pub. L. 98-369, div. A, title IV, § 471(c), July 18, 1984, 98 Stat. 826.)

AMENDMENTS

1984—Pub. L. 98-369, § 471(c), renumbered section 33 of this title as this section.

1976—Pub. L. 94-455 designated existing provisions as subsec. (a) and added subsec. (b).

EFFECTIVE DATE OF 1976 AMENDMENT

Section 1051(i) of Pub. L. 94-455, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: "(1) Except as provided by paragraph (2), the amendments made by this section [enacting section 936 of this title and amending sections 33 [now 27], 48, 116, 243, 246, 861, 901, 904, 931, 1504, and 6091 of this title] shall apply to taxable years beginning after December 31, 1975, except that 'qualified possession source investment income' as defined in section 936(d)(2) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] shall include income from any source outside the United States if the taxpayer establishes to the satisfaction of the Secretary of the Treasury or his delegate that the income from such sources was earned before October 1, 1976.

"(2) The amendment made by subsection (d)(2) [amending section 901 of this title] shall not apply to any tax imposed by a possession of the United States

with respect to the complete liquidation occurring before January 1, 1979, of a corporation to the extent that such tax is attributable to earnings and profits accumulated by such corporation during periods ending before January 1, 1976.”

[§ 28. Renumbered § 45C]

[§ 29. Renumbered § 45K]

§ 30. Certain plug-in electric vehicles

(a) Allowance of credit

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the cost of any qualified plug-in electric vehicle placed in service by the taxpayer during the taxable year.

(b) Per vehicle dollar limitation

The amount of the credit allowed under subsection (a) with respect to any vehicle shall not exceed \$2,500.

(c) Application with other credits

(1) Business credit treated as part of general business credit

So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

(2) Personal credit

(A) In general

For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

(B) Limitation based on amount of tax

In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

- (i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over
- (ii) the sum of the credits allowable under subpart A (other than this section and sections 23, 25D, and 30D) and section 27 for the taxable year.

(d) Qualified plug-in electric vehicle

For purposes of this section—

(1) In general

The term “qualified plug-in electric vehicle” means a specified vehicle—

- (A) the original use of which commences with the taxpayer,
- (B) which is acquired for use or lease by the taxpayer and not for resale,
- (C) which is made by a manufacturer,
- (D) which is manufactured primarily for use on public streets, roads, and highways,
- (E) which has a gross vehicle weight rating of less than 14,000 pounds, and
- (F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

- (i) has a capacity of not less than 4 kilowatt hours (2.5 kilowatt hours in the case of a vehicle with 2 or 3 wheels), and

- (ii) is capable of being recharged from an external source of electricity.

(2) Specified vehicle

The term “specified vehicle” means any vehicle which—

- (A) is a low speed vehicle within the meaning of section 571.3 of title 49, Code of Federal Regulations (as in effect on the date of the enactment of the American Recovery and Reinvestment Tax Act of 2009), or
- (B) has 2 or 3 wheels.

(3) Manufacturer

The term “manufacturer” has the meaning given such term in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

(4) Battery capacity

The term “capacity” means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

(e) Special rules

(1) Basis reduction

For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

(2) No double benefit

The amount of any deduction or other credit allowable under this chapter for a new qualified plug-in electric drive motor vehicle shall be reduced by the amount of credit allowable under subsection (a) for such vehicle.

(3) Property used by tax-exempt entity

In the case of a vehicle the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (c)).

(4) Property used outside United States not qualified

No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1).

(5) Recapture

The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

(6) Election not to take credit

No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

(f) Termination

This section shall not apply to any vehicle acquired after December 31, 2011.

(Added Pub. L. 102-486, title XIX, §1913(b)(1), Oct. 24, 1992, 106 Stat. 3019; amended Pub. L. 104-188, title I, §§1205(d)(4), 1704(j)(4)(A), Aug. 20, 1996, 110 Stat. 1776, 1881; Pub. L. 107-147, title VI, §602(a), Mar. 9, 2002, 116 Stat. 59; Pub. L. 108-311, title III, §318(a), Oct. 4, 2004, 118 Stat. 1182; Pub. L. 109-58, title XIII, §1322(a)(3)(A), Aug. 8, 2005, 119 Stat. 1011; Pub. L. 111-5, div. B, title I, §1142(a), Feb. 17, 2009, 123 Stat. 328.)

REFERENCES IN TEXT

The date of the enactment of the American Recovery and Reinvestment Tax Act of 2009, referred to in subsec. (d)(2)(A), is the date of the enactment of div. B of Pub. L. 111-5, which was approved Feb. 17, 2009.

The Clean Air Act, referred to in subsec. (d)(3), is act July 14, 1955, ch. 360, 69 Stat. 322. Title II of the Act, known as the National Emission Standards Act, is classified generally to subchapter II (§7521 et seq.) of chapter 85 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see Short Title note set out under section 7401 of Title 42 and Tables.

PRIOR PROVISIONS

A prior section 30 was renumbered section 41 of this title.

AMENDMENTS

2009—Pub. L. 111-5 amended section generally. Prior to amendment, section provided for credit of 10 percent of the cost of any qualified electric vehicle, subject to a \$4,000 per vehicle limitation, a 75 percent reduction for any vehicle placed in service after Dec. 31, 2005, and a Dec. 31, 2006, termination date.

2005—Subsec. (b)(3)(A). Pub. L. 109-58 substituted “section 27” for “sections 27 and 29” in introductory provisions.

2004—Subsec. (b)(2). Pub. L. 108-311 reenacted heading without change and amended text generally. Prior to amendment, text read as follows: “In the case of any qualified electric vehicle placed in service after December 31, 2003, the credit otherwise allowable under subsection (a) (determined after the application of paragraph (1)) shall be reduced by—

“(A) 25 percent in the case of property placed in service in calendar year 2004,

“(B) 50 percent in the case of property placed in service in calendar year 2005, and

“(C) 75 percent in the case of property placed in service in calendar year 2006.”

2002—Subsec. (b)(2). Pub. L. 107-147, §602(a)(1)(A), substituted “December 31, 2003,” for “December 31, 2001,” in introductory provisions.

Subsec. (b)(2)(A). Pub. L. 107-147, §602(a)(1)(B), substituted “2004” for “2002”.

Subsec. (b)(2)(B). Pub. L. 107-147, §602(a)(1)(B), substituted “2005” for “2003”.

Subsec. (b)(2)(C). Pub. L. 107-147, §602(a)(1)(B), substituted “2006” for “2004”.

Subsec. (e). Pub. L. 107-147, §602(a)(2), substituted “December 31, 2006” for “December 31, 2004”.

1996—Subsec. (b)(3)(A). Pub. L. 104-188, §1205(d)(4), substituted “sections 27 and 29” for “sections 27, 28, and 29”.

Subsec. (d)(1). Pub. L. 104-188, §1704(j)(4)(A)(i), inserted “(determined without regard to subsection (b)(3))” before period at end.

Subsec. (d)(4). Pub. L. 104-188, §1704(j)(4)(A)(ii), added par. (4).

EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111-5 applicable to vehicles acquired after Feb. 17, 2009, see section 1142(c) of Pub.

L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

EFFECTIVE DATE OF 2005 AMENDMENT

Amendment by Pub. L. 109-58 applicable to credits determined under the Internal Revenue Code of 1986 for taxable years ending after Dec. 31, 2005, see section 1322(c)(1) of Pub. L. 109-58, set out as a note under section 45K of this title.

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-311, title III, §318(b), Oct. 4, 2004, 118 Stat. 1182, provided that: “The amendments made by this section [amending this section] shall apply to property placed in service after December 31, 2003.”

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-147, title VI, §602(c), Mar. 9, 2002, 116 Stat. 59, provided that: “The amendments made by this section [amending this section, section 280F of this title, and provisions set out as a note under section 280F of this title] shall apply to property placed in service after December 31, 2001.”

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 1205(d)(4) of Pub. L. 104-188 applicable to amounts paid or incurred in taxable years ending after June 30, 1996, see section 1205(e) of Pub. L. 104-188, set out as a note under section 45K of this title.

EFFECTIVE DATE

Section 1913(c) of Pub. L. 102-486 provided that: “The amendments made by this section [enacting this section and 179A of this title and amending sections 53, 55, 62, and 1016 of this title] shall apply to property placed in service after June 30, 1993.”

TRANSITIONAL RULE

Pub. L. 111-5, div. B, title I, §1142(d), Feb. 17, 2009, 123 Stat. 331, provided that: “In the case of a vehicle acquired after the date of the enactment of this Act [Feb. 17, 2009] and before January 1, 2010, no credit shall be allowed under section 30 of the Internal Revenue Code of 1986, as added by this section, if credit is allowable under section 30D of such Code with respect to such vehicle.”

§ 30A. Puerto Rico economic activity credit**(a) Allowance of credit****(1) In general**

Except as otherwise provided in this section, if the conditions of both paragraph (1) and paragraph (2) of subsection (b) are satisfied with respect to a qualified domestic corporation, there shall be allowed as a credit against the tax imposed by this chapter an amount equal to the portion of the tax which is attributable to the taxable income, from sources without the United States, from—

(A) the active conduct of a trade or business within Puerto Rico, or

(B) the sale or exchange of substantially all of the assets used by the taxpayer in the active conduct of such trade or business.

In the case of any taxable year beginning after December 31, 2001, the aggregate amount of taxable income taken into account under the preceding sentence (and in applying subsection (d)) shall not exceed the adjusted base period income of such corporation, as determined in the same manner as under section 936(j).

(2) Qualified domestic corporation

For purposes of paragraph (1), the term “qualified domestic corporation” means a domestic corporation—

(A) which is an existing credit claimant with respect to Puerto Rico, and

(B) with respect to which section 936(a)(4)(B) does not apply for the taxable year.

(3) Separate application

For purposes of determining—

(A) whether a taxpayer is an existing credit claimant with respect to Puerto Rico, and

(B) the amount of the credit allowed under this section,

this section (and so much of section 936 as relates to this section) shall be applied separately with respect to Puerto Rico.

(b) Conditions which must be satisfied

The conditions referred to in subsection (a) are—

(1) 3-year period

If 80 percent or more of the gross income of the qualified domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period immediately preceding the close of such taxable year as may be applicable) was derived from sources within a possession (determined without regard to section 904(f)).

(2) Trade or business

If 75 percent or more of the gross income of the qualified domestic corporation for such period or such part thereof was derived from the active conduct of a trade or business within a possession.

(c) Credit not allowed against certain taxes

The credit provided by subsection (a) shall not be allowed against the tax imposed by—

(1) section 59A (relating to environmental tax),

(2) section 531 (relating to the tax on accumulated earnings),

(3) section 541 (relating to personal holding company tax), or

(4) section 1351 (relating to recoveries of foreign expropriation losses).

(d) Limitations on credit for active business income

The amount of the credit determined under subsection (a) for any taxable year shall not exceed the sum of the following amounts:

(1) 60 percent of the sum of—

(A) the aggregate amount of the qualified domestic corporation's qualified possession wages for such taxable year, plus

(B) the allocable employee fringe benefit expenses of the qualified domestic corporation for such taxable year.

(2) The sum of—

(A) 15 percent of the depreciation allowances for the taxable year with respect to short-life qualified tangible property,

(B) 40 percent of the depreciation allowances for the taxable year with respect to medium-life qualified tangible property, and

(C) 65 percent of the depreciation allowances for the taxable year with respect to long-life qualified tangible property.

(3) If the qualified domestic corporation does not have an election to use the method de-

scribed in section 936(h)(5)(C)(ii) (relating to profit split) in effect for the taxable year, the amount of the qualified possession income taxes for the taxable year allocable to non-sheltered income.

(e) Administrative provisions

For purposes of this title—

(1) the provisions of section 936 (including any applicable election thereunder) shall apply in the same manner as if the credit under this section were a credit under section 936(a)(1)(A) for a domestic corporation to which section 936(a)(4)(A) applies,

(2) the credit under this section shall be treated in the same manner as the credit under section 936, and

(3) a corporation to which this section applies shall be treated in the same manner as if it were a corporation electing the application of section 936.

(f) Denial of double benefit

Any wages or other expenses taken into account in determining the credit under this section may not be taken into account in determining the credit under section 41.

(g) Definitions

For purposes of this section, any term used in this section which is also used in section 936 shall have the same meaning given such term by section 936.

(h) Application of section

This section shall apply to taxable years beginning after December 31, 1995, and before January 1, 2006.

(Added Pub. L. 104-188, title I, §1601(b)(1), Aug. 20, 1996, 110 Stat. 1830; amended Pub. L. 105-34, title XVI, §1601(f)(1)(A), Aug. 5, 1997, 111 Stat. 1090; Pub. L. 106-554, §1(a)(7) [title III, §311(a)(2)], Dec. 21, 2000, 114 Stat. 2763, 2763A-640.)

AMENDMENTS

2000—Subsecs. (f) to (h). Pub. L. 106-554 added subsec. (f) and redesignated former subsecs. (f) and (g) as (g) and (h), respectively.

1997—Pub. L. 105-34 substituted “Puerto Rico” for “Puerto Rican” in section catchline.

EFFECTIVE DATE OF 2000 AMENDMENT

Pub. L. 106-554, §1(a)(7) [title III, §311(d)], Dec. 21, 2000, 114 Stat. 2763, 2763A-640, provided that: “Subsection (c) [not classified to the Code] and the amendments made by this section [amending this section and sections 280C and 857 of this title] shall take effect as if included in the provisions of the Ticket to Work and Work Incentives Improvement Act of 1999 [Pub. L. 106-170, see Tables for classification] to which they relate.”

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 effective as if included in the provisions of the Small Business Job Protection Act of 1996, Pub. L. 104-188, to which it relates, see section 1601(j) of Pub. L. 105-34, set out as a note under section 23 of this title.

EFFECTIVE DATE

Section 1601(c) of Pub. L. 104-188 provided that: “(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [enacting this section and amending sections 55, 56, 59, and 936 of this

title] shall apply to taxable years beginning after December 31, 1995.

“(2) SPECIAL RULE FOR QUALIFIED POSSESSION SOURCE INVESTMENT INCOME.—The amendments made by this section shall not apply to qualified possession source investment income received or accrued before July 1, 1996, without regard to the taxable year in which received or accrued.

“(3) SPECIAL TRANSITION RULE FOR PAYMENT OF ESTIMATED TAX INSTALLMENT.—In determining the amount of any installment due under section 6655 of the Internal Revenue Code of 1986 after the date of the enactment of this Act [Aug. 20, 1996] and before October 1, 1996, only ½ of any increase in tax (for the taxable year for which such installment is made) by reason of the amendments made by subsections (a) and (b) [enacting this section and amending sections 55, 56, 59, and 936 of this title] shall be taken into account. Any reduction in such installment by reason of the preceding sentence shall be recaptured by increasing the next required installment for such year by the amount of such reduction.”

AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT

Pub. L. 109-432, div. A, title I, §119, Dec. 20, 2006, 120 Stat. 2942, as amended by Pub. L. 110-343, div. C, title III, §309(a), Oct. 3, 2008, 122 Stat. 3869, provided that:

“(a) IN GENERAL.—For purposes of section 30A of the Internal Revenue Code of 1986, a domestic corporation shall be treated as a qualified domestic corporation to which such section applies if such corporation—

“(1) is an existing credit claimant with respect to American Samoa, and

“(2) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006.

“(b) SPECIAL RULES FOR APPLICATION OF SECTION.—The following rules shall apply in applying section 30A of the Internal Revenue Code of 1986 for purposes of this section:

“(1) AMOUNT OF CREDIT.—Notwithstanding section 30A(a)(1) of such Code, the amount of the credit determined under section 30A(a)(1) of such Code for any taxable year shall be the amount determined under section 30A(d) of such Code, except that section 30A(d) shall be applied without regard to paragraph (3) thereof.

“(2) SEPARATE APPLICATION.—In applying section 30A(a)(3) of such Code in the case of a corporation treated as a qualified domestic corporation by reason of this section, section 30A of such Code (and so much of section 936 of such Code as relates to such section 30A) shall be applied separately with respect to American Samoa.

“(3) FOREIGN TAX CREDIT ALLOWED.—Notwithstanding section 30A(e) of such Code, the provisions of section 936(c) of such Code shall not apply with respect to the credit allowed by reason of this section.

“(c) DEFINITIONS.—For purposes of this section, any term which is used in this section which is also used in section 30A or 936 of such Code shall have the same meaning given such term by such section 30A or 936.

“(d) APPLICATION OF SECTION.—Notwithstanding section 30A(h) or section 936(j) of such Code, this section (and so much of section 30A and section 936 of such Code as relates to this section) shall apply to the first 4 taxable years of a corporation to which subsection (a) applies which begin after December 31, 2005, and before January 1, 2010.”

[Pub. L. 110-343, div. C, title III, §309(b), Oct. 3, 2008, 122 Stat. 3869, provided that: “The amendments made by this section [amending section 119 of Pub. L. 109-432, set out above] shall apply to taxable years beginning after December 31, 2007.”]

§ 30B. Alternative motor vehicle credit

(a) Allowance of credit

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

(3) the new qualified hybrid motor vehicle credit determined under subsection (d),

(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e), and

(5) the plug-in conversion credit determined under subsection (i).

(b) New qualified fuel cell motor vehicle credit

(1) In general

For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

(A) \$8,000 (\$4,000 in the case of a vehicle placed in service after December 31, 2009), if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

(B) \$10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

(C) \$20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

(D) \$40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

(2) Increase for fuel efficiency

(A) In general

The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

(i) \$1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

(ii) \$1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

(iii) \$2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

(iv) \$2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

(v) \$3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

(vi) \$3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

(vii) \$4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

(B) 2002 model year city fuel economy

For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

(i) In the case of a passenger automobile:

**The 2002
model year**

If vehicle inertia weight class is:	city fuel economy is:
1,500 or 1,750 lbs	45.2 mpg
2,000 lbs	39.6 mpg
2,250 lbs	35.2 mpg
2,500 lbs	31.7 mpg
2,750 lbs	28.8 mpg
3,000 lbs	26.4 mpg
3,500 lbs	22.6 mpg
4,000 lbs	19.8 mpg
4,500 lbs	17.6 mpg
5,000 lbs	15.9 mpg
5,500 lbs	14.4 mpg
6,000 lbs	13.2 mpg
6,500 lbs	12.2 mpg
7,000 to 8,500 lbs	11.3 mpg.

(ii) In the case of a light truck:

**The 2002
model year
city**

If vehicle inertia weight class is:	fuel economy is:
1,500 or 1,750 lbs	39.4 mpg
2,000 lbs	35.2 mpg
2,250 lbs	31.8 mpg
2,500 lbs	29.0 mpg
2,750 lbs	26.8 mpg
3,000 lbs	24.9 mpg
3,500 lbs	21.8 mpg
4,000 lbs	19.4 mpg
4,500 lbs	17.6 mpg
5,000 lbs	16.1 mpg
5,500 lbs	14.8 mpg
6,000 lbs	13.7 mpg
6,500 lbs	12.8 mpg
7,000 to 8,500 lbs	12.1 mpg.

(C) Vehicle inertia weight class

For purposes of subparagraph (B), the term “vehicle inertia weight class” has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

(3) New qualified fuel cell motor vehicle

For purposes of this subsection, the term “new qualified fuel cell motor vehicle” means a motor vehicle—

(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

(C) the original use of which commences with the taxpayer,

(D) which is acquired for use or lease by the taxpayer and not for resale, and

(E) which is made by a manufacturer.

(c) New advanced lean burn technology motor vehicle credit

(1) In general

For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection for the taxable year is the credit amount determined under paragraph (2) with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year.

(2) Credit amount

(A) Fuel economy

(i) In general

The credit amount determined under this paragraph shall be determined in accordance with the following table:

In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—	The credit amount is—
At least 125 percent but less than 150 percent	\$400
At least 150 percent but less than 175 percent	\$800
At least 175 percent but less than 200 percent	\$1,200
At least 200 percent but less than 225 percent	\$1,600
At least 225 percent but less than 250 percent	\$2,000
At least 250 percent	\$2,400.

(ii) 2002 model year city fuel economy

For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

(B) Conservation credit

The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—	The conservation credit amount is—
At least 1,200 but less than 1,800	\$250
At least 1,800 but less than 2,400	\$500
At least 2,400 but less than 3,000	\$750
At least 3,000	\$1,000.

(3) New advanced lean burn technology motor vehicle

For purposes of this subsection, the term “new advanced lean burn technology motor vehicle” means a passenger automobile or a light truck—

(A) with an internal combustion engine which—

(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

- (ii) incorporates direct injection,
- (iii) achieves at least 125 percent of the 2002 model year city fuel economy,
- (iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established,

(B) the original use of which commences with the taxpayer,

(C) which is acquired for use or lease by the taxpayer and not for resale, and

(D) which is made by a manufacturer.

(4) Lifetime fuel savings

For purposes of this subsection, the term “lifetime fuel savings” means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

(B) 120,000 divided by the city fuel economy for such vehicle.

(d) New qualified hybrid motor vehicle credit

(1) In general

For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection for the taxable year is the credit amount determined under paragraph (2) with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year.

(2) Credit amount

(A) Credit amount for passenger automobiles and light trucks

In the case of a new qualified hybrid motor vehicle which is a passenger automobile or light truck and which has a gross vehicle weight rating of not more than 8,500 pounds, the amount determined under this paragraph is the sum of the amounts determined under clauses (i) and (ii).

(i) Fuel economy

The amount determined under this clause is the amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

(ii) Conservation credit

The amount determined under this clause is the amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

(B) Credit amount for other motor vehicles

(i) In general

In the case of any new qualified hybrid motor vehicle to which subparagraph (A) does not apply, the amount determined under this paragraph is the amount equal to the applicable percentage of the qualified incremental hybrid cost of the vehicle as certified under clause (v).

(ii) Applicable percentage

For purposes of clause (i), the applicable percentage is—

(I) 20 percent if the vehicle achieves an increase in city fuel economy relative to a comparable vehicle of at least 30 percent but less than 40 percent,

(II) 30 percent if the vehicle achieves such an increase of at least 40 percent but less than 50 percent, and

(III) 40 percent if the vehicle achieves such an increase of at least 50 percent.

(iii) Qualified incremental hybrid cost

For purposes of this subparagraph, the qualified incremental hybrid cost of any vehicle is equal to the amount of the excess of the manufacturer’s suggested retail price for such vehicle over such price for a comparable vehicle, to the extent such amount does not exceed—

(I) \$7,500, if such vehicle has a gross vehicle weight rating of not more than 14,000 pounds,

(II) \$15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

(III) \$30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

(iv) Comparable vehicle

For purposes of this subparagraph, the term “comparable vehicle” means, with respect to any new qualified hybrid motor vehicle, any vehicle which is powered solely by a gasoline or diesel internal combustion engine and which is comparable in weight, size, and use to such vehicle.

(v) Certification

A certification described in clause (i) shall be made by the manufacturer and shall be determined in accordance with guidance prescribed by the Secretary. Such guidance shall specify procedures and methods for calculating fuel economy savings and incremental hybrid costs.

(3) New qualified hybrid motor vehicle

For purposes of this subsection—

(A) In general

The term “new qualified hybrid motor vehicle” means a motor vehicle—

(i) which draws propulsion energy from onboard sources of stored energy which are both—

(I) an internal combustion or heat engine using consumable fuel, and

(II) a rechargeable energy storage system,

(ii) which, in the case of a vehicle to which paragraph (2)(A) applies, has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established,

(iii) which has a maximum available power of at least—

(I) 4 percent in the case of a vehicle to which paragraph (2)(A) applies,

(II) 10 percent in the case of a vehicle which has a gross vehicle weight rating of more than 8,500 pounds and not more than 14,000 pounds, and

(III) 15 percent in the case of a vehicle in excess of 14,000 pounds,

(iv) which, in the case of a vehicle to which paragraph (2)(B) applies, has an internal combustion or heat engine which has received a certificate of conformity under the Clean Air Act as meeting the emission standards set in the regulations prescribed by the Administrator of the Environmental Protection Agency for 2004 through 2007 model year diesel heavy duty engines or ottocycle heavy duty engines, as applicable,

(v) the original use of which commences with the taxpayer,

(vi) which is acquired for use or lease by the taxpayer and not for resale, and

(vii) which is made by a manufacturer.

Such term shall not include any vehicle which is not a passenger automobile or light truck if such vehicle has a gross vehicle weight rating of less than 8,500 pounds.

(B) Consumable fuel

For purposes of subparagraph (A)(i)(I), the term “consumable fuel” means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

(C) Maximum available power

(i) Certain passenger automobiles and light trucks

In the case of a vehicle to which paragraph (2)(A) applies, the term “maximum available power” means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

(ii) Other motor vehicles

In the case of a vehicle to which paragraph (2)(B) applies, the term “maximum available power” means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle’s total traction power. For purposes of the preceding sentence, the term “total traction power” means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

(D) Exclusion of plug-in vehicles

Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (c) thereof) shall not be taken into account under this section.

(e) New qualified alternative fuel motor vehicle credit

(1) Allowance of credit

Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

(2) Applicable percentage

For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

(A) 50 percent, plus

(B) 30 percent, if such vehicle—

(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act of 2005.

(3) Incremental cost

For purposes of this subsection, the incremental cost of any new qualified alternative

fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

(A) \$5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

(B) \$10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

(C) \$25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

(D) \$40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

(4) New qualified alternative fuel motor vehicle

For purposes of this subsection—

(A) In general

The term “new qualified alternative fuel motor vehicle” means any motor vehicle—

(i) which is only capable of operating on an alternative fuel,

(ii) the original use of which commences with the taxpayer,

(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

(iv) which is made by a manufacturer.

(B) Alternative fuel

The term “alternative fuel” means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

(5) Credit for mixed-fuel vehicles

(A) In general

In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

(B) Mixed-fuel vehicle

For purposes of this subsection, the term “mixed-fuel vehicle” means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

(ii) either—

(I) has received a certificate of conformity under the Clean Air Act, or

(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or

leased in California and meets or exceeds the low emission vehicle standard under section 88.105-94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

(iii) the original use of which commences with the taxpayer,

(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

(v) which is made by a manufacturer.

(C) 75/25 mixed-fuel vehicle

For purposes of this subsection, the term “75/25 mixed-fuel vehicle” means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

(D) 90/10 mixed-fuel vehicle

For purposes of this subsection, the term “90/10 mixed-fuel vehicle” means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

(f) Limitation on number of new qualified hybrid and advanced lean-burn technology vehicles eligible for credit

(1) In general

In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

(2) Phaseout period

For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after December 31, 2005, is at least 60,000.

(3) Applicable percentage

For purposes of paragraph (1), the applicable percentage is—

(A) 50 percent for the first 2 calendar quarters of the phaseout period,

(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

(C) 0 percent for each calendar quarter thereafter.

(4) Controlled groups

(A) In general

For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

(B) Inclusion of foreign corporations

For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

(5) Qualified vehicle

For purposes of this subsection, the term “qualified vehicle” means any new qualified

hybrid motor vehicle (described in subsection (d)(2)(A)) and any new advanced lean burn technology motor vehicle.

(g) Application with other credits

(1) Business credit treated as part of general business credit

So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

(2) Personal credit

(A) In general

For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

(B) Limitation based on amount of tax

In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

(ii) the sum of the credits allowable under subpart A (other than this section and sections 23, 25D, 30, and 30D) and section 27 for the taxable year.

(h) Other definitions and special rules

For purposes of this section—

(1) Motor vehicle

The term “motor vehicle” means any vehicle which is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and which has at least 4 wheels.

(2) City fuel economy

The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

(3) Other terms

The terms “automobile”, “passenger automobile”, “medium duty passenger vehicle”, “light truck”, and “manufacturer” have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

(4) Reduction in basis

For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (g)).

(5) No double benefit

The amount of any deduction or other credit allowable under this chapter—

(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

(B) with respect to a vehicle described under subsection (b) or (c), shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

(6) Property used by tax-exempt entity

In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)). For purposes of subsection (g), property to which this paragraph applies shall be treated as of a character subject to an allowance for depreciation.

(7) Property used outside United States, etc., not qualified

No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

(8) Recapture

The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle),¹ except that no benefit shall be recaptured if such property ceases to be eligible for such credit by reason of conversion to a qualified plug-in electric drive motor vehicle.

(9) Election to not take credit

No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

(10) Interaction with air quality and motor vehicle safety standards

Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

¹ So in original.

(i) Plug-in conversion credit**(1) In general**

For purposes of subsection (a), the plug-in conversion credit determined under this subsection with respect to any motor vehicle which is converted to a qualified plug-in electric drive motor vehicle is 10 percent of so much of the cost of the converting such vehicle as does not exceed \$40,000.

(2) Qualified plug-in electric drive motor vehicle

For purposes of this subsection, the term “qualified plug-in electric drive motor vehicle” means any new qualified plug-in electric drive motor vehicle (as defined in section 30D, determined without regard to whether such vehicle is made by a manufacturer or whether the original use of such vehicle commences with the taxpayer).

(3) Credit allowed in addition to other credits

The credit allowed under this subsection shall be allowed with respect to a motor vehicle notwithstanding whether a credit has been allowed with respect to such motor vehicle under this section (other than this subsection) in any preceding taxable year.

(4) Termination

This subsection shall not apply to conversions made after December 31, 2011.

(j) Regulations**(1) In general**

Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

(2) Coordination in prescription of certain regulations

The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

(k) Termination

This section shall not apply to any property purchased after—

(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2014,

(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)(2)(A)), December 31, 2010,

(3) in the case of a new qualified hybrid motor vehicle (as described in subsection (d)(2)(B)), December 31, 2009, and

(4) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.

(Added Pub. L. 109–58, title XIII, §1341(a), Aug. 8, 2005, 119 Stat. 1038; amended Pub. L. 109–135, title IV, §§402(j), 412(d), Dec. 21, 2005, 119 Stat. 2615, 2636; Pub. L. 110–343, div. B, title II, §205(b), Oct. 3, 2008, 122 Stat. 3838; Pub. L. 111–5, div. B, title

I, §§1141(b)(1), 1142(b)(2), 1143(a)–(c), 1144(a), Feb. 17, 2009, 123 Stat. 328, 330–332.)

REFERENCES IN TEXT

The Clean Air Act, referred to in text, is act July 14, 1955, ch. 360, 69 Stat. 322, as amended, which is classified generally to chapter 85 (§7401 et seq.) of Title 42, The Public Health and Welfare. Title II of the Act, known as the National Emissions Standards Act, is classified generally to subchapter II (§7521 et seq.) of chapter 85 of Title 42. Sections 202(i), 209(b), and 243(e)(2) of the Act are classified to sections 7521(i), 7543(b), and 7583(e)(2), respectively, of Title 42. For complete classification of this Act to the Code, see Short Title note set out under section 7401 of Title 42 and Tables.

The date of the enactment of this section, referred to in subsecs. (b)(3)(B) and (h)(2), is the date of enactment of Pub. L. 109–58, which was approved Aug. 8, 2005.

The date of the enactment of the Energy Tax Incentives Act of 2005, referred to in subsec. (e)(2), is the date of enactment of title XIII of Pub. L. 109–58, which was approved Aug. 8, 2005.

AMENDMENTS

2009—Subsec. (a)(5). Pub. L. 111–5, §1143(b), added par. (5).

Subsec. (d)(3)(D). Pub. L. 111–5, §1141(b)(1), substituted “subsection (c) thereof” for “subsection (d) thereof”.

Subsec. (g)(2). Pub. L. 111–5, §1144(a), amended par. (2) generally. Prior to amendment, text read as follows: “The credit allowed under subsection (a) (after the application of paragraph (1)) for any taxable year shall not exceed the excess (if any) of—

“(A) the regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under subpart A and sections 27 and 30, over

“(B) the tentative minimum tax for the taxable year.”

Subsec. (h)(1). Pub. L. 111–5, §1142(b)(2), amended par. (1) generally. Prior to amendment, text read as follows: “The term ‘motor vehicle’ has the meaning given such term by section 30(c)(2).”

Subsec. (h)(8). Pub. L. 111–5, §1143(c), inserted at end “, except that no benefit shall be recaptured if such property ceases to be eligible for such credit by reason of conversion to a qualified plug-in electric drive motor vehicle.”

Subsecs. (i) to (k). Pub. L. 111–5, §1143(a), added subsec. (i) and redesignated former subsecs. (i) and (j) as (j) and (k), respectively.

2008—Subsec. (d)(3)(D). Pub. L. 110–343 added subpar. (D).

2005—Subsec. (g)(2)(A). Pub. L. 109–135, §412(d), substituted “regular tax liability (as defined in section 26(b))” for “regular tax”.

Subsec. (h)(6). Pub. L. 109–135, §402(j), inserted at end “For purposes of subsection (g), property to which this paragraph applies shall be treated as of a character subject to an allowance for depreciation.”

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111–5, div. B, title I, §1141(c), Feb. 17, 2009, 123 Stat. 328, provided that: “The amendments made by this section [amending this section and sections 30D, 38, 1016, and 6501 of this title] shall apply to vehicles acquired after December 31, 2009.”

Amendment by section 1142(b)(2) of Pub. L. 111–5 applicable to vehicles acquired after Feb. 17, 2009, see section 1142(c) of Pub. L. 111–5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

Pub. L. 111–5, div. B, title I, §1143(d), Feb. 17, 2009, 123 Stat. 332, provided that: “The amendments made by this section [amending this section] shall apply to property placed in service after the date of the enactment of this Act [Feb. 17, 2009].”

Amendment by section 1144(a) of Pub. L. 111–5 applicable to taxable years beginning after Dec. 31, 2008, see

section 1144(c) of Pub. L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

EFFECTIVE DATE OF 2008 AMENDMENT

Amendment by Pub. L. 110-343 applicable to taxable years beginning after Dec. 31, 2008, see section 205(e) of Pub. L. 110-343, set out as an Effective and Termination Dates of 2008 Amendment note under section 24 of this title.

EFFECTIVE DATE OF 2005 AMENDMENT

Amendment by section 402(j) of Pub. L. 109-135 effective as if included in the provision of the Energy Policy Act of 2005, Pub. L. 109-58, to which such amendment relates, see section 402(m)(1) of Pub. L. 109-135, set out as an Effective and Termination Dates of 2005 Amendments note under section 23 of this title.

EFFECTIVE DATE

Pub. L. 109-58, title XIII, §1341(c), Aug. 8, 2005, 119 Stat. 1049, provided that: "The amendments made by this section [enacting this section and amending sections 38, 55, 1016, and 6501 of this title] shall apply to property placed in service after December 31, 2005, in taxable years ending after such date."

§ 30C. Alternative fuel vehicle refueling property credit

(a) Credit allowed

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

(b) Limitation

The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed—

- (1) \$30,000 in the case of a property of a character subject to an allowance for depreciation, and
- (2) \$1,000 in any other case.

(c) Qualified alternative fuel vehicle refueling property

For purposes of this section, the term "qualified alternative fuel vehicle refueling property" has the same meaning as the term "qualified clean-fuel vehicle refueling property" would have under section 179A if—

- (1) paragraph (1) of section 179A(d) did not apply to property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, and
- (2) only the following were treated as clean-burning fuels for purposes of section 179A(d):

(A) Any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquified natural gas, liquefied petroleum gas, or hydrogen.

(B) Any mixture—

(i) which consists of two or more of the following: biodiesel (as defined in section 40A(d)(1)), diesel fuel (as defined in section 4083(a)(3)), or kerosene, and

(ii) at least 20 percent of the volume of which consists of biodiesel (as so defined)

determined without regard to any kerosene in such mixture.

(C) Electricity.

(d) Application with other credits

(1) Business credit treated as part of general business credit

So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

(2) Personal credit

The credit allowed under subsection (a) (after the application of paragraph (1)) for any taxable year shall not exceed the excess (if any) of—

(A) the regular tax liability (as defined in section 26(b)) reduced by the sum of the credits allowable under subpart A and section 27, over

(B) the tentative minimum tax for the taxable year.

(e) Special rules

For purposes of this section—

(1) Basis reduction

The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

(2) Property used by tax-exempt entity

In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)). For purposes of subsection (d), property to which this paragraph applies shall be treated as of a character subject to an allowance for depreciation.

(3) Property used outside United States not qualified

No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

(4) Election not to take credit

No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

(5) Recapture rules

Rules similar to the rules of section 179A(e)(4) shall apply.

(6) Special rule for property placed in service during 2009 and 2010

In the case of property placed in service in taxable years beginning after December 31, 2008, and before January 1, 2011—

(A) in the case of any such property which does not relate to hydrogen—

- (i) subsection (a) shall be applied by substituting “50 percent” for “30 percent”,
- (ii) subsection (b)(1) shall be applied by substituting “\$50,000” for “\$30,000”, and
- (iii) subsection (b)(2) shall be applied by substituting “\$2,000” for “\$1,000”, and

(B) in the case of any such property which relates to hydrogen, subsection (b)(1) shall be applied by substituting “\$200,000” for “\$30,000”.

(f) Regulations

The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

(g) Termination

This section shall not apply to any property placed in service—

- (1) in the case of property relating to hydrogen, after December 31, 2014, and
- (2) in the case of any other property, after December 31, 2010.

(Added Pub. L. 109-58, title XIII, §1342(a), Aug. 8, 2005, 119 Stat. 1049; amended Pub. L. 109-135, title IV, §§402(k), 412(d), Dec. 21, 2005, 119 Stat. 2615, 2636; Pub. L. 110-172, §6(b), Dec. 29, 2007, 121 Stat. 2479; Pub. L. 110-343, div. B, title II, §207(a), (b), Oct. 3, 2008, 122 Stat. 3839; Pub. L. 111-5, div. B, title I, §§1123(a), 1142(b)(3), 1144(b)(2), Feb. 17, 2009, 123 Stat. 325, 331, 332.)

AMENDMENTS

2009—Subsec. (d)(2)(A). Pub. L. 111-5, §1144(b)(2), substituted “section 27” for “sections 27 and 30B”.

Pub. L. 111-5, §1142(b)(3), struck out “, 30,” before “and 30B”.

Subsec. (e)(6). Pub. L. 111-5, §1123(a), added par. (6).

2008—Subsec. (c)(2)(C). Pub. L. 110-343, §207(b), added subpar. (C).

Subsec. (g)(2). Pub. L. 110-343, §207(a), substituted “December 31, 2010” for “December 31, 2009”.

2007—Subsec. (b). Pub. L. 110-172, §6(b)(1), reenacted heading without change and amended introductory provisions generally. Prior to amendment, introductory provisions read as follows: “The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—”.

Subsec. (c). Pub. L. 110-172, §6(b)(2), reenacted heading without change and amended text generally. Prior to amendment, text read as follows:

“(1) IN GENERAL.—Except as provided in paragraph (2), the term ‘qualified alternative fuel vehicle refueling property’ has the meaning given to such term by section 179A(d), but only with respect to any fuel—

“(A) at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen, or

“(B) any mixture of biodiesel (as defined in section 40A(d)(1)) and diesel fuel (as defined in section 4083(a)(3)), determined without regard to any use of kerosene and containing at least 20 percent biodiesel.

“(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.”

2005—Subsec. (d)(2)(A). Pub. L. 109-135, §412(d), substituted “regular tax liability (as defined in section 26(b))” for “regular tax”.

Subsec. (e)(2). Pub. L. 109-135, §402(k), inserted at end “For purposes of subsection (d), property to which this

paragraph applies shall be treated as of a character subject to an allowance for depreciation.”

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111-5, div. B, title I, §1123(b), Feb. 17, 2009, 123 Stat. 325, provided that: “The amendment made by this section [amending this section] shall apply to taxable years beginning after December 31, 2008.”

Amendment by section 1142(b)(3) of Pub. L. 111-5 applicable to vehicles acquired after Feb. 17, 2009, see section 1142(c) of Pub. L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

Amendment by section 1144(b)(2) of Pub. L. 111-5 applicable to taxable years beginning after Dec. 31, 2008, see section 1144(c) of Pub. L. 111-5, set out as an Effective and Termination Dates of 2009 Amendment note under section 24 of this title.

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. B, title II, §207(c), Oct. 3, 2008, 122 Stat. 3840, provided that: “The amendments made by this section [amending this section] shall apply to property placed in service after the date of the enactment of this Act [Oct. 3, 2008], in taxable years ending after such date.”

EFFECTIVE DATE OF 2007 AMENDMENT

Pub. L. 110-172, §6(e), Dec. 29, 2007, 121 Stat. 2481, provided that:

“(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section [amending this section and sections 41, 45J, 4041, 4042, 4082, and 6430 of this title, and enacting provisions set out as a note under section 6430 of this title] shall take effect as if included in the provisions of the Energy Policy Act of 2005 [Pub. L. 109-58] to which they relate.

“(2) NONAPPLICATION OF EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—The amendment made by subsection (d)(3) [amending section 4041 of this title] shall apply to fuel sold for use or used after the date of the enactment of this Act [Dec. 29, 2007].

“(3) AMENDMENT MADE BY THE SAFETEA-LU.—The amendment made by subsection (d)(2)(C)(ii) [amending section 4082 of this title] shall take effect as if included in section 11161 of the SAFETEA-LU [Pub. L. 109-59].”

EFFECTIVE DATE OF 2005 AMENDMENT

Amendment by section 402(k) of Pub. L. 109-135 effective as if included in the provision of the Energy Policy Act of 2005, Pub. L. 109-58, to which such amendment relates, see section 402(m)(1) of Pub. L. 109-135, set out as an Effective and Termination Dates of 2005 Amendments note under section 23 of this title.

EFFECTIVE DATE

Pub. L. 109-58, title XIII, §1342(c), Aug. 8, 2005, 119 Stat. 1051, provided that: “The amendments made by this section [enacting this section and amending sections 38, 55, 1016, and 6501 of this title] shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.”

§ 30D. New qualified plug-in electric drive motor vehicles

(a) Allowance of credit

There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credit amounts determined under subsection (b) with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

(b) Per vehicle dollar limitation

(1) In general

The amount determined under this subsection with respect to any new qualified plug-

in electric drive motor vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

(2) Base amount

The amount determined under this paragraph is \$2,500.

(3) Battery capacity

In the case of a vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is \$417, plus \$417 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed \$5,000.

(c) Application with other credits

(1) Business credit treated as part of general business credit

So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

(2) Personal credit

(A) In general

For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

(B) Limitation based on amount of tax

In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

- (i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over
- (ii) the sum of the credits allowable under subpart A (other than this section and sections 23 and 25D) and section 27 for the taxable year.

(d) New qualified plug-in electric drive motor vehicle

For purposes of this section—

(1) In general

The term “new qualified plug-in electric drive motor vehicle” means a motor vehicle—

- (A) the original use of which commences with the taxpayer,
- (B) which is acquired for use or lease by the taxpayer and not for resale,
- (C) which is made by a manufacturer,
- (D) which is treated as a motor vehicle for purposes of title II of the Clean Air Act,
- (E) which has a gross vehicle weight rating of less than 14,000 pounds, and
- (F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—
 - (i) has a capacity of not less than 4 kilowatt hours, and

- (ii) is capable of being recharged from an external source of electricity.

(2) Motor vehicle

The term “motor vehicle” means any vehicle which is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and which has at least 4 wheels.

(3) Manufacturer

The term “manufacturer” has the meaning given such term in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

(4) Battery capacity

The term “capacity” means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

(e) Limitation on number of new qualified plug-in electric drive motor vehicles eligible for credit

(1) In general

In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

(2) Phaseout period

For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of new qualified plug-in electric drive motor vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after December 31, 2009, is at least 200,000.

(3) Applicable percentage

For purposes of paragraph (1), the applicable percentage is—

- (A) 50 percent for the first 2 calendar quarters of the phaseout period,
- (B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and
- (C) 0 percent for each calendar quarter thereafter.

(4) Controlled groups

Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

(f) Special rules

(1) Basis reduction

For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

(2) No double benefit

The amount of any deduction or other credit allowable under this chapter for a new qualified plug-in electric drive motor vehicle shall be reduced by the amount of credit allowed under subsection (a) for such vehicle.

(3) Property used by tax-exempt entity

In the case of a vehicle the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (c)).

(4) Property used outside United States not qualified

No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1).

(5) Recapture

The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit.

(6) Election not to take credit

No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

(7) Interaction with air quality and motor vehicle safety standards

A motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

(Added Pub. L. 110-343, div. B, title II, §205(a), Oct. 3, 2008, 122 Stat. 3835; amended Pub. L. 111-5, div. B, title I, §1141(a), Feb. 17, 2009, 123 Stat. 326.)

REFERENCES IN TEXT

The Clean Air Act, referred to in subsecs. (d)(1)(D), (3), (f)(7)(A), is act July 14, 1955, ch. 360, 69 Stat. 322, which is classified generally to chapter 85 (§7401 et seq.) of Title 42, The Public Health and Welfare. Title II of the Act, known as the National Emissions Standards Act, is classified generally to subchapter II (§7521 et seq.) of chapter 85 of Title 42. Section 209(b) of the Act is classified to section 7543(b) of Title 42. For complete classification of this Act to the Code, see Short Title note set out under section 7401 of Title 42 and Tables.

AMENDMENTS

2009—Pub. L. 111-5 amended section generally. Prior to amendment, section provided credit with respect to each new qualified plug-in electric drive motor vehicle placed in service and set forth provisions defining “applicable amount” and “new qualified plug-in electric drive motor vehicle” and stating limitations based on vehicle weight, the number of vehicles eligible for credit, and amount of tax liability.

EFFECTIVE DATE OF 2009 AMENDMENT

Amendment by Pub. L. 111-5 applicable to vehicles acquired after Dec. 31, 2009, see section 1141(c) of Pub.

L. 111-5, set out as a note under section 30B of this title.

EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 2008, see section 205(e) of Pub. L. 110-343, set out as an Effective and Termination Dates of 2008 Amendment note under section 24 of this title.

SUBPART C—REFUNDABLE CREDITS

Sec.	
31.	Tax withheld on wages.
32.	Earned income.
33.	Tax withheld at source on nonresident aliens and foreign corporations.
34.	Certain uses of gasoline and special fuels.
35.	Health insurance costs of eligible individuals.
36.	First-time homebuyer credit.
36A.	Making work pay credit.
37.	Overpayments of tax.

AMENDMENTS

2009—Pub. L. 111-5, div. B, title I, §1001(e)(3), Feb. 17, 2009, 123 Stat. 312, added item 36A.

2008—Pub. L. 110-289, div. C, title I, §3011(b)(4), July 30, 2008, 122 Stat. 2891, added item 36 and redesignated former item 36 as 37.

2002—Pub. L. 107-210, div. A, title II, §201(c)(2), Aug. 6, 2002, 116 Stat. 960, which directed amendment of the table of sections for subpart C of part IV of this chapter by adding items 35 and 36 and striking out the last item, was executed to the table of sections for this subpart which is in part IV of subchapter A of this chapter by adding those items and striking out former item 35 “Overpayments of tax” to reflect the probable intent of Congress.

1984—Pub. L. 98-369, div. A, title IV, §471(b), July 18, 1984, 98 Stat. 826, added subpart C heading and analysis of sections for subpart C consisting of items 31, 32 (formerly 43), 33 (formerly 32), 34 (formerly 39), and 35 (formerly 45). Former subpart C, setting out the rules for computing credit for expenses of work incentive programs, was repealed.

§ 31. Tax withheld on wages**(a) Wage withholding for income tax purposes****(1) In general**

The amount withheld as tax under chapter 24 shall be allowed to the recipient of the income as a credit against the tax imposed by this subtitle.

(2) Year of credit

The amount so withheld during any calendar year shall be allowed as a credit for the taxable year beginning in such calendar year. If more than one taxable year begins in a calendar year, such amount shall be allowed as a credit for the last taxable year so beginning.

(b) Credit for special refunds of social security tax**(1) In general**

The Secretary may prescribe regulations providing for the crediting against the tax imposed by this subtitle of the amount determined by the taxpayer or the Secretary to be allowable under section 6413(c) as a special refund of tax imposed on wages. The amount allowed as a credit under such regulations shall, for purposes of this subtitle, be considered an amount withheld at source as tax under section 3402.

(2) Year of credit

Any amount to which paragraph (1) applies shall be allowed as a credit for the taxable