

# USA's new tax credit scheme for electric vehicles

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**In news**— Recently, the USA has introduced a new tax credit scheme for electric vehicles.

## **Key features of the Scheme-**

- Starting **January 1 2023, a credit of up to \$7,500 will be offered to people who buy certain new electric vehicles** as well as some plug-in gas-electric hybrids and hydrogen fuel cell vehicles.
- For people who buy a used vehicle that runs on battery power, a \$4,000 credit will be available.
- **The credit, part of changes enacted in the Inflation Reduction Act**, is designed to spur EV sales and reduce greenhouse emissions.
- The new law also **provides a smaller credit for people who buy a used EV.**
- Certain EV brands that were eligible for a separate tax credit that began in 2010 and that will end this year may not be eligible for the new credit.
- Several EV models made by Kia, Hyundai and Audi, for example, won't qualify at all because they are manufactured outside North America.
- The **new tax credit, which lasts until 2032**, is intended to make zero-emission vehicles affordable to more people.