

[4830-01-p]

DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[REG-120080-22]

RIN 1545-BQ52

Section 30D New Clean Vehicle Credit

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of proposed rulemaking.

Stat. 1818 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA).

case of a van, \$80,000; in the case of a sport utility vehicle, \$80,000; in the case of a pickup truck, \$80,000; and in the case of any other vehicle, \$55,000. New section 30D(f)(11)(C) authorizes the Secretary to prescribe such regulations or other guidance

D. Vehicle classifications

For purposes of applying the MSRP limitation under section 30D(f)(11)(A), section 30D(f)(11)(C) authorizes the Secretary to prescribe such regulations or other

Requirements apply to applicable critical minerals and battery components, respectively, contained in a battery as defined in proposed § 1.30D-3(c)(3).

A. Critical Minerals Requirement

concluded with Japan in 2019,² a related 2019 agreement on digital trade,³ and the U.S.-Japan Partnership on Trade announced in November 2021.⁴

set forth in proposed §1.30D-3(c)(7)(ii).

materials would not be considered a type of battery component, although constituent materials could be manufactured or assembled into battery components. Some battery components could be made entirely of inputs that do not contain constituent materials. Battery components would include any piece of the assembled battery cell that

3(b)(1).

iii. Step 3: Determine the total incremental value of battery components

In the third step for determining compliance with the Battery Components Requirement, qualified manufacturers would need to total the incremental value of battery components. Propm27 lu-31(m2(c(199 0 0 -1 -358799744 | 4)-1

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in Notice 2023-1, which was released on December 29, 2022.⁶ The definitions in proposed § 1.30D-2 generally relate to statutory rules applicable to vehicles placed in

rulemaking has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on their impact on small business.

The proposed regulations affect two types of business entities: (1) qualified manufacturers that must trace and report on their critical minerals and battery components in order to certify that their new clean vehicles qualify for the section 30D credit, and (2) businesses that may earn the section 30D credit when purchasing and

V. Executive Order 13132: Federalism

- (8) Extraction.
- (9) Incremental value.
- (10) Manufacturing.
- (11) North America.
- (12) North American battery component.
- (13) Processing
- (14) Procurement chain.
- (15) Qualified manufacturer.
- (16) Qualifying battery component content.
- (17) Qualifying critical mineral.
- (18) Qualifying critical mineral content.
- (19) Recycling.
- (20) Total incremental value of North American battery components.
- (21) Total incremental value of battery components.
- (22) Total value of critical minerals.
- (23) Total value of qualifying critical minerals.

section 30D(b) with respect to each new clean vehicle purchased by the taxpayer that

or item of optional equipment, physically attached to such automobile at the time of its

which is manufactured or assembled from one or more components or constituent

(D) Reduces or eliminates restrictions on exports or commits the parties to refrain from imposing such restrictions.

(ii) *Free trade agreements in effect.* The countries with which the United States currently has a free trade agreement in effect are: Australia, Bahrain, Canada, Chile,

as defined in 19 CFR part 182, appendix A, section 1(1).

(12) *North American battery component* means a battery component substantially all of the manufacturing or assembly of which occurs in North America, without regard to the location of the manufacturing or assembly activities of any components that make up the particular battery component.

(13) *Processing* means the non-physical processes involved in the refining of

owner listed in the seller's report.