

Electric Vehicle Tax Credits and Rebates in Illinois.

Electric Vehicle Rebate from Illinois

Beginning July 1, 2022, and continuing as long as funds are available, an Illinois resident that purchases an all-electric passenger vehicle in Illinois will be able to apply for a rebate, in the amounts set forth below. A rebate amount cannot exceed the purchase price of the vehicle. The purchaser must retain ownership of the vehicle for a minimum of 12 consecutive months immediately after the vehicle purchase date. Only one rebate will be issued to a purchaser in any 10-year period.

Beginning July 1, 2022, a \$4,000 rebate for the purchase of an electric vehicle.

Beginning July 1, 2026, a \$2,000 rebate for the purchase of an electric vehicle.

Beginning July 1, 2028, a \$1,000 rebate for the purchase of an electric vehicle.

Purchasers must apply for the rebate within 90-days after the vehicle purchase date. After July 1, 2022, application forms will be available on this webpage. (not yet available as of March 29, 2022)

<https://www2.illinois.gov/epa/topics/ceja/Pages/default.aspx>

Federal Tax Credit (about that asterisk)

Currently there is a \$7,500 tax credit with the purchase of an electric Car. Most references say “up to” or have an asterisk * (the short answer is if line 16 on the standard IRS 1040 is above \$7500, you get the full tax credit) The long answer follows :

The federal incentive is usually referred to as a flat \$7,500 credit, but it's only worth \$7,500 to someone whose tax bill at the end of the year is \$7,500 or more. Let's say you buy an eligible EV and you owe \$5,000 in income tax for a particular year. That's all the tax credit will be, \$5000.

That is because this tax credit does not carry over. As an example - if your taxes for the year of purchase are \$3000, then you only get \$3000 and the remaining \$4,500 does not carry over. Or in tax terminology, it is not “refundable”. If you overpay your federal tax withholding, that excess is returned to you or “refunded”. The federal tax credit is applied first, and if that fulfills your tax obligation, that portion of your withholding that exceeds your tax obligation will be refunded. Also the car must be eligible (Tesla with its high sales numbers is not eligible) And the battery must be at 18 kWh or above. If a new “plug-in” car has a smaller battery the tax credit is \$417 per kWh.

Tax credit is claimed by including IRS form 8936.