

\$7500 Electric Vehicle (EV) tax credit expanded via new loophole

No manufacturer, make, model or buyer income restrictions

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EINPresswire.com/ -- An EV consumer's current options to get the \$7,500 tax credit are to:

a. Purchase an eligible U.S. assembled electric vehicle (a lot of restrictions, frequent eligibility changes, and about a dozen models are eligible for \$7,500 credit) or,

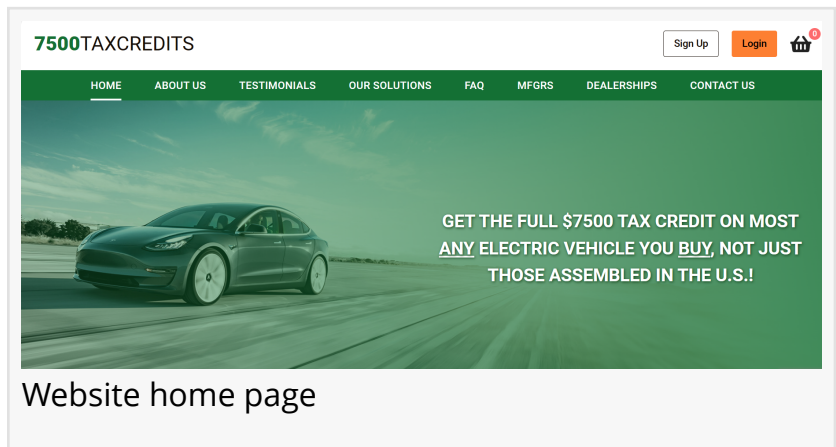
b. Lease any other EV on the market and get as much credit as the lessor is willing to give, typically called the "leasing loophole."

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Many EV customers don't like leases because they aren't building equity, have limited miles, could have to pay for dings/scratches, the lessor gets the tax credit and may/may not pass it on, etc.”

Bruce Collet

Now, there is a new EV "Buying Loophole™", a third patent-pending option that eliminates the purchase restrictions of [Internal Revenue Code IRC 30D](#), allowing anyone (not just those making less than the \$150k/\$300k income limitations) to buy (not just lease) almost any EV(not just those assembled in the U.S. and with sufficient U.S. content), and get the \$7,500 tax credit. How and why is documented in the solutions summarized below and available at www.7500taxcredits.com .



Website home page

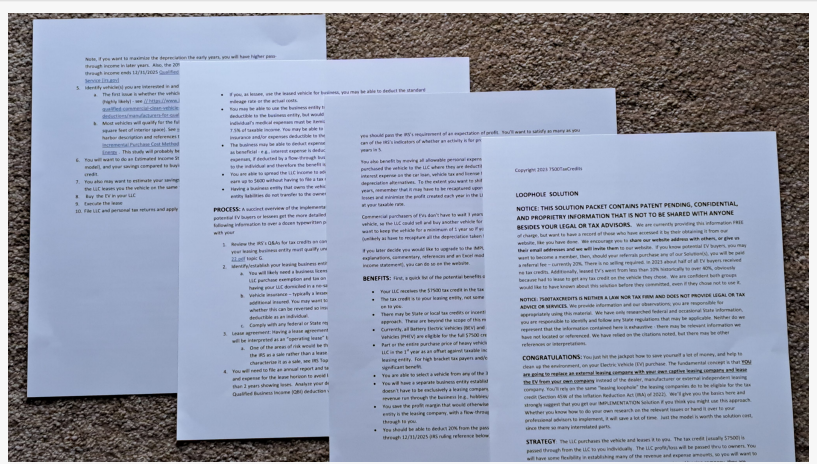
The "[Loophole Solution](#)" (available on the website) describes how easily and inexpensively a potential EV buyer can establish their own business that's eligible for the tax credit as a commercial sale under Commercial Clean Vehicle Credit (Internal Revenue Code (IRC) 45W). The buyer is able to make the tax credit pass-through to the owner. It documents why this approach works and the IRS safe harbors. Buyers with tax or legal backgrounds may be able to implement this approach just given the concept.

For those wanting more assistance, 7500TaxCredits has created an "Implementation Solution"

that includes more comprehensive citations, references, examples and a step-by-step outline to help EV buyers navigate the process and avoid potential pitfalls. They have also developed a Microsoft Excel financial model allowing buyers to see the estimated results (income/loss and cash flow) for a sample purchase, and after entering their own unique data. "The proprietary Implementation Solution and financial model will save buyers (and their professional advisors) time, research effort, and money." says Collet. Using the new Buying Loophole, EV buyers can establish a business entity, purchase an EV, claim the Commercial Clean Vehicle tax credit and avoid the onerous restrictions of an individual EV purchase.

- How is the 7500TaxCredits Buying Loophole different than an individual purchase or lease of an EV?
1. Buyers can purchase multiple EVs with full tax credit on each purchase instead of once every three years.
 2. There are no buyer income limits, the \$150k individual or \$300k couple income restriction doesn't apply.
 3. There are no price restrictions, \$80k+ SUVs and \$55k+ sedans are eligible.
 4. The tax credit goes to the buyer owned entity versus to an external lessor.
 5. U.S. vehicles that are only partially eligible can usually get the full tax credit.
 6. There are no vehicle battery assembly and content chemical sourcing restrictions.
 7. It can be implemented through the buyer's dealer of choice.

"We estimate that 500,000 EVs were sold last year, to buyers that could have been eligible for the full \$7,500 in tax credits using this approach but received none—that's \$3.75 billion in tax credits left on the table." said Collet



Loophole Solution

Model to estimate LLC Lessor income/loss		Copyright 2024 7500TaxCredits				
The confidentiality restrictions, representations and limitations stated in the solution write Yellow cells are for user input. The "Y" in the left hand column allows selection of your desired depreciation alternative.						
If you spot inaccuracies or omissions in the model, please contact us.						
EV Purchase Price	50,000	Vehicle MSRP	55000			
Sales tax rate	7.25%	Lease Purchase cost	50,000			
Pur Down Payment	5000	Lease term yrs	3			
Loan Interest Rate	6%	Lease residual % MSF	60%			
Amount financed	45,000	Residual Value	33000			
Loan term Yrs	10	Lease Down Pmt	1000			
Loan Payment/Mo	\$499.59	Lease security deposi	500			
Sales Tax if up-front	3625	Lease factor	0.0030			
License and Registration	300	Lease Int rate %	7.2			
Fed Tax Credit	7500	Lease Depr/Mo	472.22			
State/local Tax Credits		Lease Int/MO	249.00			
		Lease Fees/MO	0.00			
Establish LLC (m/b <\$5K)	1000	Sales Tax/mo	52.29			
Annual LLC fees	100	Monthly Lease Pmt	773.51			
Reg Agent Fees/yr	0	Lease End Acc Depr	25000			
Listed Property (<6000 lbs)	Yes	Lease End Sales Pr	27000			
Insurance Amt	450	Lease End Basis	25,000			
Assumed annual inflation %	5%	Termination fees	1000			
Estimated LLC Income Statement						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6

Financial Model

Background: The Inflation Reduction Act of 2022 authorized \$7,500 in tax credits for electric vehicles (EVs) purchased from 2023 through 2032, but may be repealed by Trump. There are numerous U.S. content requirements and buyer restrictions. The Act also authorized the credit for buying commercial vehicles without consumer restrictions. The IRS issued rulings that a lessor's purchase of a vehicle to lease to a consumer constituted a commercial sale, eligible for the tax credit (see Topic G at <https://www.irs.gov/pub/taxpros/fs-2023-22.pdf> for a full description.) This has been labeled as the "leasing loophole" in the EV industry, has been extensively written about and has driven the % of leased vehicles from low historic levels to over 40% in the last year, forecast by some to hit 60% this year. "The 7500TaxCredits approach will be attractive to the next 500,000+ buyers who won't otherwise get any tax credits and those reluctant lessees who lease solely to be eligible for the tax credit but would much rather purchase." says Collet.

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