



ARKANSAS AUTOMOBILE DEALERS ASSOCIATION

AADA NEWS AND UPDATE APRIL 7, 2023



AADA CONVENTION REGISTRATION OPEN!!

Let's keep the momentum going!!

After last year's incredibly successful convention in Bentonville, we are thrilled to invite you to AADA's 2023 Convention in the country music Capitol of the World! This year's event will be held in Nashville, TN, on July 16-19 at the JW Marriott in the heart of the downtown action.

This year's event is already shaping up to be something special, and the perfect way to mix a lot of pleasure into just enough work. Nashville is one of the most desirable destinations in the country, and we already have plans to take full advantage of everything downtown Nashville has to offer. From premier attractions like dinner at the Country Music Hall of Fame to evenings spent in the historic Broadway District enjoying everything the Music City has to offer!!

**DINNER EVENT AT COUNTRY MUSIC HALL OF FAME
AN EVENING ON THE FAMOUS HONKY-TONK HIGHWAY
INDUSTRY LEADING SPEAKERS
AND MORE**

Our sponsors are already coming out in droves, and more details will keep coming to you soon. Now we just need YOU there!! [REGISTER HERE TODAY!](#)



IRS ISSUES CHANGES TO NEW-VEHICLE EV TAX CREDITS: WHAT DEALERS NEED TO KNOW

Key Points:

- **Effective April 18, 2023**
- **The Eligible Vehicle List Most Likely to Be Reduced**
- **Dealers MUST Consult With OEMs on Impact of New Rules**
- **Credit Eligibility Information Found at [fueleconomy.gov](https://www.fueleconomy.gov)**

On March 31, the U.S. Department of the Treasury and the Internal Revenue Service released proposed [guidance](#) which, effective April 18, 2023, will significantly change the electric vehicle tax credits available under Section 30D of the Internal Revenue Code as established in the new clean vehicle provisions of last year's Inflation Reduction Act.

In particular, the IRS guidance will put in place new critical mineral and battery component content requirements that EVs must meet to qualify for the full \$7,500 tax credits under Section 30D.

The IRS's proposed guidance has been filed for public review and will be published in the Federal Register on April 17, 2023. For dealers, these new requirements will mean two key things:

- First, beginning on April 18, 2023, the number of EV make/models that are potentially eligible for a Section 30D credit will likely be dramatically reduced from the current pool of eligible vehicles available for sale.
- Second, for those vehicles that may qualify for a Section 30D credit under the proposed guidance, there will be only two possible credit amounts: \$3,750 or \$7,500. Until April 18, potential Section 30D credits will continue to vary but will typically be for \$7,500.

REMINDER ON LAST YEARS ACT

You may recall that the Inflation Reduction Act of 2022 established critical mineral and battery component requirements which must be met for a consumer to receive the full \$7,500 tax credit toward the purchase of an eligible vehicle. Vehicles placed-in-service on or after April 18, 2023, will be subject to these rules.

- To meet the critical mineral requirement and be eligible for a \$3,750 credit, the applicable percentage of the value of the critical minerals contained in the battery (beginning at 40 percent in 2023 and increasing at annual increments to 80 percent in 2027) must be extracted or processed in the United States or a country with which the United States has a free trade agreement or be recycled in North America.
- To meet the battery component requirement and be eligible for a \$3,750 credit, the applicable percentage of the value of the battery components (beginning at 50 percent for 2023 and increasing in annual increments to 100 percent in 2029) must be manufactured or assembled in North America.

Last year's Act set vehicle price caps and consumer income eligibility requirements. Vehicles eligible for the clean vehicle credit must undergo final assembly in North America and must not exceed a Manufacturer's Suggested Retail Price of \$80,000 for a van, pickup truck, or sport utility vehicle, or \$55,000 for any other vehicle. The program has income caps of \$300,000 for married couples, \$225,000 for heads of households, and \$150,000 for others.

WHAT SHOULD DEALERS DO

OEMs are now working to determine how the new proposed guidance applies to the EVs they manufacture. Given the guidance's complexity, this process could take some time. Accordingly, after April 17, dealerships offering new EVs for sale are cautioned against providing customers with seller report forms, or otherwise representing the potential value of a Section 30D tax credit for a given make/model, without first consulting with their OEMs on the impact of the proposed guidance.

In addition, since the IRS has indicated that it will continuously update the make/model credit eligibility information found on [fueleconomy.gov](https://www.fueleconomy.gov), dealers are encouraged to avail themselves of that resource as well.

For general information on the Section 30D and other federal EV tax credits, see www.nada.org/ev-incentives. Questions may be directed to regulatoryaffairs@nada.org.



NADA EMERGENCY RELIEF FUND

As many parts of the state recover from the devastating storms last week, we wanted to remind those dealers and dealership employees impacted by these storms that financial help is available from the NADA Foundation's Emergency Relief Fund (ERF).

For information on this assistance and the application process [CLICK HERE](#).

Everyone impacted by these storms will remain in our thoughts and prayers, and we know that Arkansas dealers and their employees will lead the way in helping these communities recover and rebuild.

ADDITIONAL AND HELPFUL LINKS

If you have any questions about this bulletin please don't hesitate to call, (501) 372-2596, or email Greg Kirkpatrick greg@arkautodealers.com.