

# EV CHARGING STATION FEDERAL TAX CREDITS AND BENEFITS

## Alternative Fuels Vehicle Refueling Property Credit (Expires December 31, 2021)

- Tax credit – **per location**
  - Commercial – lesser of \$30,000 or 30% of “credit base”
  - Residential - lesser of \$1,000 or 30% of “credit base”
- Credit base reduced by Section 179 depreciation
- May qualify for 100% expensing under 168(k) – Bonus Depreciation

## Treatment of State grant monies needs to be evaluated

- Generally, grants are taxable and included in gross income
- IRS Letter Ruling 201003005 may apply which would allow for the grants to be treated as a reduction in the credit base
- Have your accountant “crunch” the numbers to determine most favorable treatment

# EV CHARGING STATION FEDERAL TAX CREDITS AND BENEFITS (cont'd)

The below analysis shows the approximate net after tax cost of placing in service 10 separate EV charging “pumps/ ports” in a single location accessible to the public for a total cost of \$70,000 using different available depreciation methods: Full expensing under Section 179; Full expensing under 168(k) and regular 5-year MACRS; and the impact of treatment of grant monies as income vs. a reduction in the credit base

	Grant as reduction in credit base			Grant as income		
	With full expensing under IRC Section 179	With full expensing under IRC Section 168(k) - "Bonus"	Depreciated using 5-year MACRS	With full expensing under IRC Section 179	With full expensing under IRC Section 168(k) - "Bonus"	Depreciated using 5-year MACRS
Cost of the property	70,000	70,000	70,000	70,000	70,000	70,000
It Pay\$ to Plug In Grant	(40,000)	(40,000)	(40,000)	-	-	-
Net cost (Credit base)	30,000	30,000	30,000	70,000	70,000	70,000
Federal Section 179	(30,000)	-	-	(70,000)	-	-
Federal Credit base	-	30,000	30,000	-	70,000	70,000
Federal credit	-	(9,000)	(9,000)	-	(21,000)	(21,000)
Net cash cost year 1:						
Cost of property	70,000	70,000	70,000	70,000	70,000	70,000
It Pay\$ to Plug In Grant	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Federal tax on grant income	-	-	-	11,840	11,840	11,840
Federal credit	-	(9,000)	(9,000)	-	(21,000)	(21,000)
Federal benefit of depreciation	(8,880)	(6,216)	(1,243)	(20,720)	(14,504)	(2,901)
Net cash cost year 1	21,120	14,784	19,757	21,120	6,336	17,939
Total net cash cost after year 6	21,120	14,784	14,785	21,120	6,336	6,336