

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.
▶ See instructions on back.

Name(s) shown on return

Identifying number

Part I Tentative Credit

		(a)	(b)	(c)	
1	Enter date vehicle placed in service (MM/DD/YYYY)	1	/ /	/ /	
2	Cost of vehicle	2			
3	Section 179 expense deduction (see instructions)	3			
4	Subtract line 3 from line 2	4			
5	For a vehicle placed in service before 2004, multiply line 4 by 10% (.10). For a vehicle placed in service in 2004, multiply line 4 by 7.5% (.075) (see instructions).	5			
6	Maximum credit per vehicle. For a vehicle placed in service before 2004, enter \$4,000. For a vehicle placed in service in 2004, enter \$3,000 (see instructions)	6			
7	Enter the smaller of line 5 or line 6	7			
8	Add columns (a) through (c) on line 7				8
9	Qualified electric vehicle credits from pass-through entities: If you are a: Then enter the total electric vehicle credits from: Shareholder Schedule K-1 (Form 1120S), lines 12d through 13 Partner Schedule K-1 (Form 1065), lines 12c through 13				9
10	Add lines 8 and 9				10
11	Passive activity credits included on line 10 (see instructions)				11
12	Subtract line 11 from line 10				12
13	Passive activity credits allowed for 2003 (see instructions)				13
14	Tentative qualified electric vehicle credit. Add lines 12 and 13. ▶				14

Part II Allowable Credit

15	Regular tax before credits. • Individuals. Enter the amount from Form 1040, line 41. • Corporations. Enter the amount from Form 1120, Schedule J, line 3. • Other filers. Enter the regular tax before credits from your return.				15
16	Credits that reduce regular tax before the qualified electric vehicle credit:				
a	Foreign tax credit	16a			
b	Credit for child and dependent care expenses (Form 2441, line 11)	16b			
c	Credit for the elderly or the disabled (Schedule R (Form 1040), line 24)	16c			
d	Education credits (Form 8863, line 18)	16d			
e	Credit for qualified retirement savings contributions (Form 8880, line 14)	16e			
f	Child tax credit (Form 1040, line 49)	16f			
g	Mortgage interest credit (Form 8396, line 11)	16g			
h	Adoption credit (Form 8839, line 18)	16h			
i	District of Columbia first-time homebuyer credit (Form 8859, line 11)	16i			
j	Possessions tax credit (Form 5735, line 17 or 27)	16j			
k	Credit for fuel from a nonconventional source	16k			
l	Add lines 16a through 16k				16l
17	Net regular tax. Subtract line 16l from line 15. If zero or less, do not file this form; you cannot claim this credit				17
18	Tentative minimum tax (see instructions). • Individuals. Enter the amount from Form 6251, line 33. • Corporations. Enter the amount from Form 4626, line 12. • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54.				18
19	Subtract line 18 from line 17. If zero or less, do not file this form; you cannot claim this credit				19
20	Qualified electric vehicle credit. Enter the smaller of line 14 or 19 here and on Form 1040, line 52; Form 1120, Schedule J, line 6c; Form 1041, Schedule G, line 2b; or the appropriate line of your return. If line 19 is smaller than line 14, see instructions ▶				20

General Instructions

Section references are to the Internal Revenue Code.

A Change To Note

For qualified electric vehicles placed in service in 2004, the credit is reduced by 25%.

Purpose of Form

Use Form 8834 to figure the credit for qualified electric vehicles placed in service during the tax year.

Amount of Credit

The credit for each qualified electric vehicle is:

- 10% of the vehicle's cost reduced by any section 179 deduction, up to a maximum credit of \$4,000, for each qualified electric vehicle placed in service before 2004, and
- 7.5% of the vehicle's cost reduced by any section 179 deduction, up to a maximum credit of \$3,000, for each qualified electric vehicle placed in service in 2004.

Qualified Electric Vehicle

A **qualified electric vehicle** is any motor vehicle that is:

- Manufactured primarily for use on public streets, roads, and highways, and has at least four wheels;
- Powered primarily by an electric motor drawing current from rechargeable batteries, fuel cells, or other portable sources of electrical current;
- Originally used by you; and
- Acquired for your own use and not for resale.

Exceptions. The qualified electric vehicle credit does not apply to vehicles that are:

- Operated exclusively on a rail or rails,
- Used primarily outside the United States,
- Used by a governmental unit or agency or any foreign person or entity, or
- Used by a tax-exempt organization (other than a section 521 farmers' cooperative) unless the property is used mainly in an unrelated trade or business taxed under section 511.

See section 50(b) for details and other exceptions that may apply.

Caution: Gasoline/electric hybrid vehicles that are not powered primarily by an electric motor are not qualified electric vehicles. These hybrid vehicles include the Honda Insight, Honda Civic Hybrid, and Toyota Prius. However, part of the cost of these vehicles (up to \$2,000 for a vehicle with a gross vehicle weight rating that does not exceed 10,000 pounds) may qualify for the deduction for clean-fuel vehicles, even if you do not use the vehicle for business purposes. For hybrid vehicles placed in service in 2004, the maximum clean-fuel vehicle deduction is reduced to \$1,500. See **Pub. 535, Business Expenses**, for more details.

Basis Reduction

Unless you elect not to take the credit, you must reduce the basis of each vehicle by the amount of the credit entered on line 7 for that vehicle.

Recapture of Credit

If the vehicle no longer qualifies for the credit within 3 years of the date you placed it in service, you must recapture part or all of the credit. Generally, no recapture occurs on the sale or other disposition of the vehicle (including a disposition resulting from an accident or other casualty). However, if the vehicle will be modified after you dispose of it so that it no

longer qualifies for the credit, the credit may be subject to recapture. See Pub. 535 for details.

Specific Instructions

Line 3

Enter any section 179 expense deduction you claimed for this vehicle from Part I of **Form 4562**, Depreciation and Amortization.

Lines 5 and 6

Do not claim the credit for a vehicle placed in service in 2004 unless you are a fiscal year taxpayer who placed the vehicle in service before the end of your 2003-2004 fiscal year.

Line 11

Enter the amount of any credits included on line 10 that are from a passive activity. Generally, a passive activity is a business activity in which you did not materially participate. Rental activities are generally passive activities, whether or not you materially participate. See **Form 8582-CR**, Passive Activity Credit Limitations, or **Form 8810**, Corporate Passive Activity Loss and Credit Limitations, for details.

Line 13

Enter the qualified electric vehicle passive activity credits allowed for 2003 from Form 8582-CR or Form 8810. See the instructions for the applicable form for more information.

Line 18

Although you may not owe alternative minimum tax (AMT), you generally must still figure the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule and enter the TMT on line 18.

Line 20

If you cannot use part of the credit because of the tax liability limit, the unused credit is lost. The unused or excess credit cannot be carried back or forward to other tax years.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** 7 hr., 39 min.
- Learning about the law or the form** 30 min.
- Preparing, copying, assembling, and sending the form to the IRS** 39 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

