



Infographic

The IRA's EV Tax Credits

TORI SMITH | AUGUST 10, 2022

THE IRA'S EV TAX CREDITS

The Inflation Reduction Act's electric vehicle (EV) tax credits are meant to incentivize the purchase of EVs by making them more affordable. In practice, **the credits would make it more difficult and more expensive for automakers to produce vehicles that qualify.** The likely outcome is that these credits will increase—not reduce—the cost of an EV, leading automakers to consider forgoing producing vehicles that are compliant with the credit.

ALL STRINGS ATTACHED

EV Price Ceilings

New cars over \$55,000 and new vans and trucks over \$80,000 won't qualify for the credits.

Ban on Batteries Containing Critical Minerals from "Foreign Entity of Concern"

This could mean China, which performs roughly 80% of global mineral processing and refining.

Batteries Made in North America

Most batteries are made in the U.S., but raw materials represent the majority of the total cost of the battery, most of which is not available within North America.

Critical Mineral Sourcing Requirements

Critical minerals for EV batteries must be sourced from free trade agreement partners, which is virtually impossible today.

Final Assembly in North America

Vehicles must have final assembly in North America to qualify.



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