



NOTICE: FEDERAL & STATE EV TAX CREDITS, TRADE-INS, AND BAD DEBT

TO: AUTO DEALERS

EV Credits: Effective January 1, 2024, Federal and State law permits buyers to transfer their electric vehicle (EV) income tax credits directly to qualified sellers at the time of sale. The tax credits are allowed for specific new and used electric vehicles only. Lists of qualifying vehicles can be found at [FuelEconomy.gov](https://www.fueleconomy.gov) for the Federal tax credit and [Alternative Fuel and Advanced Vehicle Search](#) for the Colorado State tax credit.

The Federal and State tax credits **do not reduce** the amount subject to the 3.07% City Sales Tax. The total credit allowed will be applied toward the purchase or lease of a new vehicle as a form of cash down equivalent and is subject to sales tax.

Trade-ins: Trade-ins are allowed as a reduction to the taxable purchase price of a vehicle, provided the trade-in is resold as a normal part of the dealer's business activity.

Bad debt: As a reminder, the City Tax Code prohibits bad debt deductions for vehicle sales.

If you have questions regarding the sales tax as it applies to this tax credit program, don't hesitate to contact the City Sales Tax Office at 719-385-5903, Option 4.