



December 1, 2006

Get Green for Going Green

At the end of the year, many people try to get a deal on older (2006) car models. In addition to possibly landing a fantastic price, there is an incentive from the federal government for you to go green, that is, buy a hybrid vehicle. The Energy Policy Act of 2005 established a nonrefundable credit for taxpayers who purchase energy efficient vehicles, including certain hybrid vehicles, on or after January 1, 2006. The amount of the credit, applicable against business and personal income taxes, varies depending on the type of vehicle purchased and when the purchase occurred.

To learn more about the credit, including the amount for each vehicle, attached is an article written by Brad Gould, a member of our Estate and Succession Planning Team. And, as always, please do not hesitate to contact us if you have any questions.



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Brad Gould, Esq.

At the end of the year, many people try to get a deal on older (2006) car models. In addition to possibly landing a fantastic price, there is an incentive from the federal government for you to go green, that is, buy a hybrid vehicle. The Energy Policy Act of 2005 established a nonrefundable credit for taxpayers who purchase energy efficient vehicles, including certain hybrid vehicles, on or after January 1, 2006. The amount of the credit, applicable against business and personal income taxes, varies depending on the type of vehicle purchased and when the purchase occurred.

This credit is available only to the original purchaser of a new vehicle. If the vehicle is leased, the leasing company is entitled to keep the credit. However, knowledge of the existence of this credit may help you negotiate a lower lease price.

Below is a current list published by the Internal Revenue Service of all vehicles available for this credit and the amount of credit for each vehicle. Please note, that once a manufacturer sells 60,000 units, the credit for its vehicles will be phased out. Since Toyota reached this sales milestone, the credits for Toyota and Lexus vehicles began the phase out in October 2006. The credit for Toyota and Lexus vehicles will be eliminated in October 2007. The list below reflects the reduced Toyota and Lexus credits.

If you are looking to purchase a car this year or have purchased a hybrid vehicle during the year you may be entitled to a credit against your income taxes for 2006. You should consult with your legal and tax advisors to determine if you or your business qualifies for the credit.

Members of the Dean Mead estate and succession planning team are familiar with all aspects of year end tax planning, and are able to discuss the application of this tax credit with you.

Model Year 2007

- Chevrolet Silverado 2WD Hybrid Pickup Truck — \$250
- Chevrolet Silverado 4WD Hybrid Pickup Truck — \$650
- Ford Escape Hybrid 2WD — \$2,600
- Ford Escape Hybrid 4WD — \$1,950
- GMC Sierra 2WD Hybrid Pickup Truck — \$250
- GMC Sierra 4WD Hybrid Pickup Truck — \$650
- Lexus GS 450h — \$775†
- Lexus RX 400h 2WD and 4WD — \$1,100†
- Mercury Mariner 4WD Hybrid — \$1,950
- Saturn Vue Green Line — \$650
- Toyota Camry Hybrid — \$1,300†
- Toyota Prius — \$1,575†
- Toyota Highlander Hybrid 2WD and 4WD — \$1,300†

Model Year 2006

- Chevrolet Silverado 2WD Hybrid Pickup Truck — \$250
- Chevrolet Silverado 4WD Hybrid Pickup Truck — \$650
- Ford Escape Hybrid (Front) 2WD — \$2,600
- Ford Escape Hybrid 4WD — \$1,950
- GMC Sierra 2WD Hybrid Pickup Truck — \$250
- GMC Sierra 4WD Hybrid Pickup Truck — \$650
- Honda Accord Hybrid AT and Navi AT with updated calibration — \$1,300*
- Honda Civic Hybrid CVT — \$2,100
- Honda Insight CVT — \$1,450
- Lexus RX400h 2WD — \$1,100†
- Lexus RX400h 4WD — \$1,100†
- Mercury Mariner Hybrid 4WD — \$1,950
- Toyota Highlander 2WD Hybrid — \$1,300†
- Toyota Highlander 4WD Hybrid — \$1,300†
- Toyota Prius — \$1,575†

* 2006 Honda Accord Hybrid AT and Navi AT without updated calibration qualify for a credit of \$650.

Model Year 2005

- Ford Escape 2 WD Hybrid — \$2,600
- Ford Escape 4 WD Hybrid — \$1,950
- Honda Accord Hybrid AT and Navi AT — \$650
- Honda Civic Hybrid MT and CVT — \$1,700
- Honda Insight CVT — \$1,450
- Toyota Prius — \$1,575†

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e-newsletter

from the **estate and succession planning team**

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