



SPECIAL NOTICE

CALIFORNIA DEPARTMENT
OF TAX AND FEE
ADMINISTRATION
450 N Street
Sacramento, CA 95814

GAVIN NEWSOM
Governor

AMY TONG
Secretary
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Director

CDTFA WEBSITE
www.cdtfa.ca.gov

CUSTOMER SERVICE CENTER
1-800-400-7115

CRS
711

Partial Sales and Use Tax Exemption for Zero Emission Vehicles Effective January 1, 2023, through December 31, 2027

Beginning January 1, 2023, through December 31, 2027, a new law provides for a partial sales and use tax exemption on qualifying zero or near-zero (zero) emission motor vehicles (vehicles) purchased or leased by qualified buyers. Eligibility for the exemption is based on the buyer's household income, where they reside, and the vehicle leased or purchased.

Clean Cars 4 All

The California Air Resources Board (CARB), in association with local air districts, administers the Clean Cars 4 All (CC4A). The program is designed to provide incentives to lower-income California drivers to replace their older, high-polluting motor vehicles with zero emission vehicles. The current CC4A program provides qualified buyers with grants they can use towards the purchase or lease of an eligible vehicle. For more information about the program, please visit the *Vehicles* tab of our *Tax Guide for Green Technology* at www.cdtfa.ca.gov/industry/green-technology.htm#Vehicles.

Qualified buyers

Qualified buyers are those who receive an award letter, or other approval documentation, issued by the local air district in which they live that has implemented the CC4A program. For information about buyer eligibility, please visit participating air district official CC4A webpages. A listing of air districts currently implementing this program is available on the *CC4A Implementing Air Districts* webpage at ww2.arb.ca.gov/cc4a-implementing-air-districts.

Dealers

Your sales or leases of eligible vehicles to qualifying buyers are subject to tax at a reduced rate. The applicable tax rate for eligible transactions is the current tax rate minus the 3.9375 percent partial exemption. The reduced sales or use tax rate is generally applied to the total selling price of the vehicle before incentives are applied, such as the grant from CC4A.

To report your sales of eligible zero emission vehicles on your sales and use tax return, report the total selling price in your total sales. Then, claim a partial exemption for your qualifying sales of motor vehicles to qualified persons as a *Zero Emissions Vehicle Exemption* deduction on your return.

To document the partially exempt sale, you must obtain a timely partial exemption certificate from your customer. See the *Exemption certificate* section below.

Exemption certificate

A partial exemption certificate must be issued by the qualified buyer to the dealer to document the partially exempt sale. We have a partial exemption form, CDTFA-230-ZEV, *Partial Exemption – Zero Emission Vehicle*, which will be available on our website at www.cdtfa.ca.gov/formspubs/forms.htm by January 1, 2023.

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Tax Exemption for Zero
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For more information

If you have additional questions regarding this notice, you may call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.