Bay Area Air District

Technology Implementation Office
Clean Cars for All Program (CCFA) Advisory

March 15, 2023

This Advisory is provided to inform CCFA authorized dealerships about Senate Bill 1382, which provides a reduced tax rate for qualifying vehicle sales or leases through the CCFA Program. This Advisory will help you achieve compliance with the new state requirement.

ATTENTION: CCFA AUTHORIZED DEALERSHIPS

SUBJECT: PARTIAL SALES AND USE TAX EXEMPTION FOR CCFA PARTICIPANTS

CCFA authorized dealerships that sell or lease a "qualified motor vehicle"* to a CCFA participant must provide a partial sales and use tax rate exemption of 3.9375%. The new CCFA vehicle purchase requirement aligns with California Senate Bill 1382 ([Gonzalez, 2022] and Revenue and Taxation Code [RTC] §6368.2) and is effective for vehicles purchased between January 1, 2023 and December 31, 2027.

The applicable tax rate is the current tax rate minus the 3.9375% partial exemption and should be applied to the total selling price of the vehicle before the CCFA grant award is applied. To document and report your sales of eligible vehicles, the CCFA participant and authorized dealership must complete a "***CDTFA-230-ZEV, Partial Exemption Certificate – Zero Emission Vehicle***." For more information, please see the attached special notice and exemption certificate from the California Department of Tax and Fee Administration.

All CCFA participants with valid award letters are eligible for this reduced tax rate, even if their award letter is dated prior to January 1, 2023. Dealerships that did not apply the tax exemption on vehicles purchased after January 1, 2023 by CCFA participants may be able to seek a tax refund to reimburse participants. CCFA staff will follow up with all dealerships that sold vehicles after January 1, 2023 with more information.

CCFA dealer contracts require dealers to comply with all applicable state laws. If you have not done so already, all participating dealerships must immediately assess how the tax exemption will be processed, applied on the sales or lease contract, and tracked in their systems and begin the implementation of this new tax requirement. CCFA staff will follow up with updates regarding payment request submissions in the Fluxx dealership portal to reflect the tax exemption.

If you have any questions regarding this advisory, please contact Joseph Camarena by email at jcamarena@baaqmd.gov or phone at 415-749-4918.

Attachments:

1) Special Notice: Partial Sales and Use Tax Exemption for Zero Emission Vehicles Effective January 1, 2023, through December 31, 2027
2) CDTFA-230-ZEV, Partial Exemption Certificate – Zero Emission Vehicle

*A "qualified motor vehicle" means any vehicle eligible to be sold under the Clean Cars for All program. These vehicles must meet the requirements listed on the award letter and dealership checklist.

SPECIAL NOTICE

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

GAVIN NEWSOM
Governor

AMY TONG
Secretary
Government Operations Agency

NICOLAS MADUROS
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.

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.

CDTFA-230-ZEV (12-22)

PARTIAL EXEMPTION CERTIFICATE – ZERO EMISSION VEHICLE

STATE OF CALIFORNIA
CALIFORNIA DEPARTMENTOF
TAX AND FEE ADMINISTRATION

Section 6368.2

This is a partial exemption from state sales and use tax at the rate of 3.9375 percent that is effective January 1, 2023, to December 31, 2027. **You are not relieved from your obligations for the remaining state, local, and district taxes on this transaction.**

I hereby certify that the tangible personal property purchased or leased from:

SELLER'S/LESSOR'S NAME

SELLER'S/LESSOR'S ADDRESS (*street, city, state, ZIP Code*)

and described below, is a zero or near-zero (zero) emission motor vehicle for which a grant letter was awarded under the Clean Cars 4 All Program and is eligible for the Zero Emission Vehicle Partial Exemption under Revenue and Taxation Code section 6368.2.

I, as the undersigned purchaser, further certify that I am a qualified buyer under Revenue and Taxation Code section 6368.2.

Description of Zero Emission Motor Vehicle

VEHICLE TYPE (*hybrid, plug-in hybrid, battery electric, fuel cell electric, among others*)	VEHICLE IDENTIFICATION NUMBER (VIN)
VEHICLE MAKE / MODEL	VEHICLE YEAR
PURCHASER'S NAME	DATE
ADDRESS (*street, city, state, ZIP Code*)	TELEPHONE NUMBER

SIGNATURE (*signature of the purchaser or authorized representative of the purchaser*)