



## Federal Consumer Assistance to Recycle and Save Act of 2009 “Cash for Clunkers Program”

August 20, 2009

The federal “Consumer Assistance to Recycle and Save Act of 2009”, also known as the “Car Allowance Rebate System” (CARS), authorizes the issuance of an electronic transfer of funds (voucher) of either \$3,500 or \$4,500 to participating dealers, based on an eligible transaction. The voucher must be used to offset the purchase or lease price of a qualified new fuel-efficient automobile. Dealers who participate in the program are required to accept vouchers as a partial or down payment for the purchase or lease of any new fuel-efficient automobile.

As provided in [Neb. Rev. Stat. § 77-2701.35\(2\)](#) and in [Sales and Use Tax Regulation 1-037.03](#), the value of a certificate or other documentation that is accepted by a retailer (dealer) cannot be subtracted from the selling price in determining the amount subject to tax when:

- The item sold is taxable and the consideration is directly related to a price reduction;
- The seller has an obligation to pass the price reduction to the purchaser;
- The amount of the consideration is fixed and determinable at the time of the sale; and
- The seller receives reimbursement from a third party.

The value of the voucher the participating dealer receives from the federal government must be included in the sales price of the new automobile for purposes of calculating the sales tax due based on the provisions of this regulation and the federal law authorizing the new voucher program. In addition, the voucher does not qualify as a rebate under [Sales and Use Tax Regulation 1-020.08A](#) because this voucher is not a rebate **granted by the automobile manufacturer**.

Purchasers of an automobile must surrender an eligible trade-in automobile to the participating dealer. The amount of any negotiated trade-in allowance for the surrendered automobile, which is **in addition to** the amount of the CARS voucher, will be allowed as a deduction from the selling price of the new automobile.

Vouchers issued to participating dealers under the CARS program are not regarded as income for purposes of determining eligibility of the purchaser for benefits under any federal or state assistance program. In addition, the vouchers are not includable as income under the Internal Revenue Code.

The CARS program only applies to new automobiles purchased between July 1 and November 1, 2009. For additional information, see the federal Web site: [www.cars.gov](http://www.cars.gov).