

Senate panel probing VW's use of tax credits

October 6 2015, byMatthew Daly

The Senate Finance Committee opened a probe Tuesday into Volkswagen's use of a federal tax credit intended for fuel-efficient cars as the company's emissions-rigging scandal widened.

Sens. Orrin Hatch, R-Utah, and Ron Wyden, D-Ore. said in a letter to Volkswagen that more than \$50 million in tax subsidies may have gone to VW owners under false pretenses. Hatch chairs the Finance panel and Wyden is its senior Democrat.

Volkswagen's use of "defeat devices" in diesel passenger cars raises the question of whether the automaker "made false representations to the U.S. government" in certifying that the VW Jetta and other models met [emissions standards](#) needed to claim the \$1,300-per-vehicle tax credit, the senators said. The Associated Press obtained a copy of the letter, which was sent to VW late Tuesday.

The vehicles in which Volkswagen installed the defeat devices "included those that the company certified as qualifying for the advanced lean-burn technology [motor vehicle](#) credit," Hatch and Wyden said.

The letter asks the company to respond by Oct. 30.

The Senate Finance probe comes as the House and Energy Committee has scheduled a hearing Thursday on the emission-rigging scandal. The hearing is the first since VW admitted that it installed defeat devices in nearly 500,000 diesel vehicles in the U.S. that emitted far more exhaust pollution than was legal. The German automaker has confirmed that it

installed the devices on as many as 11 million vehicles worldwide from model years 2009 through 2015.

Michael Horn, president and CEO of Volkswagen Group of America, is scheduled to testify at Thursday's hearing before the Energy and Commerce panel's subcommittee on oversight and investigations.

The Environmental Protection Agency said last month that VW used sophisticated software that allowed its cars to pass federally mandated emissions tests in the lab and then spew pollution into the atmosphere while on the highway.

A VW spokeswoman could not be immediately reached for comment Tuesday.

The company could face penalties of up to \$18 billion from the EPA, although any fine isn't expected to be the full amount.

The automaker says it has set aside more than \$7 billion to pay fines, recall costs and legal settlements. There are also signs the company is moving to strengthen its lobbying presence in Washington.

Congress created the alternative motor vehicle credit in 2005 to encourage use of fuel efficient vehicles. The credit included the advanced lean-burn technology motor vehicle credit, which was available to buyers of qualifying vehicles that were certified by manufacturers as meeting certain emissions standards.

In 2008, Volkswagen certified to the Internal Revenue Service that the 2009 Volkswagen Jetta TDI Sedan and SportWagen qualified for \$1,300 in tax credits per [vehicle](#) sale. Other VW and Audi vehicles were later certified for eligibility. VW owns Audi.

Volkswagen sold at least 60,000 cars that qualified for tax credits by 2010, the Finance panel letter said.

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