

2022 Inflation Reduction Act

Changes to the Energy Tax Credits and other energy related tax incentives

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Key Tax Credits/Incentives Related to Energy

- Section 48 (Investment Tax Credit – until 2025)
- Section 45 (Production Tax Credit – until 2025)
- Section 45L (New Energy Efficient Homes)
- Section 179D (Energy Efficient Commercial Buildings)
- Section 30C (Alternative Fuel Vehicle Refueling – Eligible Census Tract)
- New Technologies include energy storage, microgrid controllers, interconnection properties

Section 48 (Investment Tax Credit – until 2025)

- Tax credit for solar, wind and other energy property
- 6% base tax credit amount (30% if prevailing wage and apprenticeship requirements are met)
- Bonus credits for domestic content (+10%) and energy community (+10%)
- Environmental Justice Solar and Wind bonus credit allocation for low-income community (+10%) or residential building/economic benefit project (+20%)
- New Technologies include energy storage, microgrid controllers, interconnection properties

Major Changes in 2022 IRA – Other New Programs

- Section 48E (Clean Electricity Investment - 2025)
 - Section 45Y (Clean Electricity Production - 2025)
 - Section 48C (Advanced Energy Manufacturing Projects)
 - Section 45X (Advanced Manufacturing Production)
 - Section 45W (Commercial Clean Vehicles)
- Application/Certification process for AEMP, CEP & CEI EJ Bonus

Major Changes in 2022 IRA – Structural Changes

- Section 6417 (Election for Payment Against Income Tax – Tax Exempt Org)
- Section 6418 (Election for Transfer to an Unrelated Taxpayer – Taxable Org)
- Applies to PTC, ITC, AFVR, AEMP, CEP (Phase Out), CEI (Phase Out), CCV (Tax Exempt Only), AMP

Section 6417 (Election for Payment Against Income Tax – Tax Exempt Org)

- Applicable Entity - any organization exempt from income tax (Subtitle A)
- 100% payment of tax, subsequent refund payment
- Treated as paid later of due date of tax return or date of tax return.
- Eligible starting February 2023.
- Avoid “Excessive Payment” – no payments above allowable tax credit amount
- No Tax-Exempt Use restriction