Tax-Exempt Entities and the Alternative Fuel Vehicle Refueling Property Credit

This credit, as amended by the Inflation Reduction Act of 2022 and described in this document, applies to eligible property placed in service beginning January 1, 2023, through December 31, 2032.

Tax-exempt and governmental entities, such as states, Tribes, religious organizations, and certain non-profits may install electric vehicle charging and clean fuel refueling property to meet energy transition goals, support clean vehicle fleets, or save money on refueling costs. This tax credit can offset some of the costs associated with the purchase and installation of qualified refueling and recharging equipment.

How can a tax-exempt entity utilize the § 30C Alternative Fuel Vehicle Refueling Property Credit?

Eligible tax-exempt and governmental entities can claim the § 30C Alternative Fuel Vehicle Refueling Property Credit for qualified property, including electric vehicle charging equipment, through a new mechanism called elective pay (also known as "direct pay").

How much is the credit for a single item of qualified refueling or recharging property?

- 6% of the cost including labor, up to a maximum of $100,000 per item of property; or
- 30% of the cost including labor if prevailing wage and apprenticeship (PWA) requirements are met, up to a maximum of $100,000 per item of property.
- The per item limit includes certain property associated with the single item(s) if it is directly attributable and traceable to the single item(s), such as a pedestal.

What refueling property qualifies?

To qualify, an entity must install property used to (1) recharge electric motor vehicles (including certain electrical energy storage technology) or (2) store or dispense clean-burning fuel (such as hydrogen fuel for fuel cell vehicles).[1] In addition, the property must:

- be placed in service during the tax year,
- have original use that began with the taxpayer,
- be depreciable property,[2] and
- be placed in service in an eligible census tract.

Who claims the credit – the seller or my organization?

Your organization or the seller installing the property could claim the credit, and the choice is up to you to determine which path is more beneficial. In order to claim the credit yourself, you must notify the seller in writing that you intend to claim the credit via elective pay. Otherwise, the seller can claim the credit if they clearly disclose to you the amount of the credit allowable. If the seller will claim the credit, they may be willing to install the eligible property at a lower upfront cost to you (by passing tax savings to your organization).

How do I find out if my tax-exempt entity's property is in an eligible census tract?

Your entity's refueling property must be placed in service in an eligible low-income community census tract or non-urban census tract. Approximately two-thirds of Americans are in eligible census tracts.

To determine if your entity's property is in an eligible census tract

In general:

- Determine your 11-digit census tract geographic identifier (GEOID) under the 2020 census tract boundaries by using the Census Bureau mapping tool.[3]
- See if your identified GEOID is included in the IRS-provided list here: Appendix B.

If your entity's refueling property is placed in service prior to January 1, 2025, in addition to the directions above, you may alternatively

- Determine your 11-digit census tract geographic identifier (GEOID) under the 2015 census tract boundaries by using the Census Bureau mapping tool.
- See if your identified GEOID (using the 2015 census tract boundaries) is included in the IRS-provided list here: Appendix A.[4]

The IRS will periodically publish lists of specific census tracts that meet the requirements, along with instructions on how taxpayers may determine their census tract identifying numbers, in the Federal Register or Internal Revenue Bulletin.

1 To see further details on what is considered a § 30C eligible clean burning fuel, visit irs.gov/credits-deductions/alternative-fuel-vehicle-refueling-property-credit.
2 For purposes of § 30C, property used by a tax-exempt or government entity is treated as of a character subject to an allowance for depreciation.
3 Eligible census tracts are described in Notice 2024-202 as modified by Notice 2024-64.
4 You may also use the Department of Energy's Argonne National Laboratory mapping tool to help determine if your entity's property is located within an eligible census tract (regardless of if your recharging or refueling property is placed in service before or after January 1, 2025). However, it should be viewed as a tool and cannot be relied upon as tax guidance. See the tool here: anl.gov/esia/refueling-infrastructure-tax-credit.

How do I calculate how much of a credit my entity is eligible for?

The credit for each single item of § 30C property equals the applicable percentage (6% or 30% when PWA requirements are met) multiplied by the sum of the following:

1. the cost of the single item of § 30C property (a charging port, fuel dispenser, or storage property);
2. the cost of the associated property that is directly attributable and traceable to the single item of § 30C property (e.g., a pedestal that directly supports a charging port or conduit and wiring necessary for installation); and
3. the cost of the ratable share of associated property that is directly attributable and traceable to multiple single items of § 30C property, if any (e.g., if a new electrical panel for the charging property, which supports only the charging property, costs $1,000 and supports two charging ports, the ratable share is $500 per charging port).

If your entity plans to claim the § 30C credit, it is important to understand the IRA's PWA requirements during the construction of a project, as projects that meet these requirements can claim a larger credit.

Example: A school system is getting a new fleet of electric school buses. To acquire charging infrastructure for the buses, they engage with a private contractor that builds and owns electric charging property to then sell to the school system. The school system notifies the contractor of their intent to make an elective payment claim. They install 30 direct current fast chargers (DCFCs) with 2 charging ports each for a total of 60 charging ports. Each DCFC costs $50,000. They also install a $2,000 pedestal to support each DCFC, electric panel and conduit/wiring, which together cost $50,000, and a $40,000 smart charge management system. In this case:

- Each of the 60 charging ports is a single property item ($25,000 each).
- The associated property that is directly attributable and traceable to the single property item is the 30 pedestals ($1,000 per charging port).
- The associated property that is directly attributable and traceable to multiple property items is the electric panel and conduit/wiring[5] ($833.33 per charging port) and the smart charge management system ($666.67 per charging port).
- **If PWA requirements are met**, 30% of the sum of these items is a credit value of $8,250, well under the $100,000 limit so the credit is not reduced. Therefore, for all 60 charging ports (single items of § 30C property), the school system would receive a total credit of $495,000.
- **Compare this with if the city did not meet PWA requirements:** Using the 6% credit rate, the school system would receive a $1,650 tax credit per charging port, or $99,000 for all 60.

How does my entity receive the credit?

1. Confirm that your entity's property is in an eligible census tract as of the placed-in-service date.
2. Determine whether you would like to make an elective pay claim. If you do, notify the seller in writing, and proceed with the following steps.
3. Install and place in service your alternative fuel vehicle refueling property.
4. Keep all documentation, including contracts or receipts verifying your investment and any associated labor costs for construction and installation. Be sure to maintain documentation about whether the installation met prevailing wage and apprenticeship requirements.
5. Once your entity's project is placed in service, complete pre-filing registration with the IRS. Upon completion, your entity will receive a registration number from the IRS to use on your tax return as part of making the elective pay selection.
6. Fill out and submit Form 8911 using your documentation and file it with your tax return for the year in which your property was installed and placed in service.

Related Resources

- Alternative Fuel Vehicle Refueling Property Credit FAQs
- Form 8911, Alternative Fuel Vehicle Refueling Property Credit
- Prevailing wage and apprenticeship requirements
- Elective pay and Transferability
- Businesses and the Alternative Fuel Vehicle Refueling Property Credit
- Individuals, Electric Charging Vehicles, and the Alternative Fuel Vehicle Refueling Property Credit

5 If the electric panel and conduit/wiring serve more than just the charger, some or all of those costs may be excluded.