INTERNAL REVENUE
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IRS

# HIGHLIGHTS OF THIS ISSUE

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**These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.**

## ADMINISTRATIVE

### Announcement 2024-34, page 758.

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and appraisers. These individuals are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Part 10, and which are published in pamphlet form as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations.

### Rev. Proc. 2024-36, page 737.

This revenue procedure provides specifications for the private printing of red-ink and black-and-white substitutes for the June 2024 revisions of Forms W-2c and W-3c. This revenue procedure will be produced as the next revision of Publication 1223. Rev. Proc. 2023-39, 2023-52 IRB dated December 26, 2023, is superseded.

## ADMINISTRATIVE, INCOME TAX

### Notice 2024-68, page 729.

Optional special *per diem* rates. This notice provides the 2024-2025 special *per diem* rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home. The notice includes (1) the special transportation industry rate, (2) the rate for the incidental expenses only deduction, and (3) the rates and list of high-cost localities for the high-low substantiation method.

## EMPLOYEE PLANS

### Notice 2024-67, page 726.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for August 2024 used under § 417(e)(3)(D), the 24-month average segment rates applicable for September 2024, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

## INCOME TAX

### Notice 2024-69, page 733.

This notice publishes the inflation adjustment factor and reference price for calendar year 2024 for the renewable electricity production credit under section 45 of the Internal Revenue Code. The 2024 inflation adjustment factor and reference price are used in determining the availability of the credit and apply to calendar year 2024 sales of kilowatt hours of electricity produced in the United States or a possession thereof from qualified energy resources. This notice also provides the credit amounts for calendar year 2024 under section 45.

### REG-118269-23, page 761.

These proposed regulations provide guidance on how to calculate the credit under § 30C, as amended by IRA (§ 30C credit), including what constitutes an "item" of qualified alternative fuel vehicle refueling property, the additional costs taken into account in determining the cost of the item for purposes of calculating the credit, and how to treat dual-use property. The proposed regulations also provide rules for determining whether a population census tract is a qualified alternative fuel vehicle refueling property for purposes of the § 30C credit. The proposed regulations also provide defini-

**Finding Lists begin on page ii.**

tions, general rules, and special rules in respect of §30C, including basis reduction and recapture. The proposed regulations would also amend proposed Treas. Reg. sections 1.48-9(e)(10) and 1.48E-2(g)(6) to clarify that certain storage property qualifies for a credit under section 30C and not for a credit under section 48. Additionally, he proposed regulations would amend Treas. Reg. sections 1.6417-6(b)(1) and 1.6418-5 to clarify the effects of basis reduction and recapture provisions.

**Rev. Proc. 2024-37, page 755.**
This revenue procedure provides guidance to issuers of tax-exempt and other tax-advantaged bonds regarding the procedures for filing claims for recovery of overpayments of rebate, penalty in lieu of rebate, and yield reduction payments under section 148(f) of the Internal Revenue Code. This revenue procedure also modifies and supersedes Rev. Proc. 2008-37, 2008-2 (Vol.1) C.B. 137, as modified by Rev. Proc. 2017-50, 2017-37 I.R.B. 234, and supersedes Rev. Proc. 2017-50.

**Rev. Rul. 2024-21, page 724.**
Federal rates; adjusted federal rates; adjusted federal long-term rate, and the long-term tax exempt rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for October 2024.

# The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

# Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

**Part I.—1986 Code.**
This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

**Part II.—Treaties and Tax Legislation.**
This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

**Part III.—Administrative, Procedural, and Miscellaneous.**
To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

**Part IV.—Items of General Interest.**
This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

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# Part I

## Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520, 7872.)

## Rev. Rul. 2024-21

This revenue ruling provides various prescribed rates for federal income tax purposes for October 2024 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

**REV. RUL. 2024-21 TABLE 1**
Applicable Federal Rates (AFR) for October 2024
*Period for Compounding*

| | *Annual* | *Semiannual* | *Quarterly* | *Monthly* |
|---|---|---|---|---|
| | | *Short-term* | | |
| AFR | 4.21% | 4.17% | 4.15% | 4.13% |
| 110% AFR | 4.64% | 4.59% | 4.56% | 4.55% |
| 120% AFR | 5.06% | 5.00% | 4.97% | 4.95% |
| 130% AFR | 5.49% | 5.42% | 5.38% | 5.36% |
| | | *Mid-term* | | |
| AFR | 3.70% | 3.67% | 3.65% | 3.64% |
| 110% AFR | 4.08% | 4.04% | 4.02% | 4.01% |
| 120% AFR | 4.45% | 4.40% | 4.38% | 4.36% |
| 130% AFR | 4.83% | 4.77% | 4.74% | 4.72% |
| 150% AFR | 5.59% | 5.51% | 5.47% | 5.45% |
| 175% AFR | 6.52% | 6.42% | 6.37% | 6.34% |
| | | *Long-term* | | |
| AFR | 4.10% | 4.06% | 4.04% | 4.03% |
| 110% AFR | 4.52% | 4.47% | 4.45% | 4.43% |
| 120% AFR | 4.93% | 4.87% | 4.84% | 4.82% |
| 130% AFR | 5.35% | 5.28% | 5.25% | 5.22% |

**REV. RUL. 2024-21 TABLE 2**
Adjusted AFR for October 2024
*Period for Compounding*

| | *Annual* | *Semiannual* | *Quarterly* | *Monthly* |
|---|---|---|---|---|
| Short-term adjusted AFR | 3.20% | 3.17% | 3.16% | 3.15% |
| Mid-term adjusted AFR | 2.81% | 2.79% | 2.78% | 2.77% |
| Long-term adjusted AFR | 3.10% | 3.08% | 3.07% | 3.06% |

| REV. RUL. 2024-21 TABLE 3<br>Rates Under Section 382 for October 2024 | |
|---|---|
| Adjusted federal long-term rate for the current month | 3.10% |
| Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.) | 3.42% |

| REV. RUL. 2024-21 TABLE 4<br>Appropriate Percentages Under Section 42(b)(1) for October 2024 | |
|---|---|
| Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. | |
| Appropriate percentage for the 70% present value low-income housing credit | 7.90% |
| Appropriate percentage for the 30% present value low-income housing credit | 3.39% |

| REV. RUL. 2024-21 TABLE 5<br>Rate Under Section 7520 for October 2024 | |
|---|---|
| Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest | 4.4% |

## Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 467.—Certain Payments for the Use of Property or Services

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The applicable federal short-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 7520.—Valuation Tables

The applicable federal mid-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

## Section 7872.—Treatment of Loans With Below-Market Interest Rates

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of October 2024. See Rev. Rul. 2024-21, page 724.

# Part III

## Update for Weighted Average Interest Rates, Yield Curves, and Segment Rates

## Notice 2024-67

This notice provides guidance on the corporate bond monthly yield curve, the corresponding spot segment rates used under § 417(e)(3), and the 24-month average segment rates under § 430(h)(2) of the Internal Revenue Code. In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008 and the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I).

YIELD CURVE AND SEGMENT RATES

Section 430 specifies the minimum funding requirements that apply to single-employer plans (except for CSEC plans under § 414(y)) pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan's target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates ("segment rates"), each of which applies to cash flows during specified periods. To the extent provided under § 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins.[1] However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Section 1.430(h)(2)-1(d) provides rules for determining the monthly corporate bond yield curve,[2] and § 1.430(h)(2)-1(c) provides rules for determining the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in § 1.430(h)(2)-1(d), the monthly corporate bond yield curve derived from August 2024 data is in Table 2024-8 at the end of this notice. The spot first, second, and third segment rates for the month of August 2024 are, respectively, 4.50, 4.96, and 5.40.

The 24-month average segment rates determined under § 430(h)(2)(C)(i) through (iii) must be adjusted pursuant to § 430(h)(2)(C)(iv) to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates. Those percentages are 95% and 105% for plan years beginning in 2023, 2024 and 2025. For this purpose, any 25-year average segment rate that is less than 5% is deemed to be 5%. The 25-year average segment rates for plan years beginning in 2023 and 2024 were published in Notice 2022-40, 2022-40 I.R.B. 266 and Notice 2023-66, 2023-40 I.R.B. 992, respectively. For plan years beginning in 2025, based on the segment rates applicable for October 1999 to September 2024, the 25-year averages for the period ending September 30, 2024, of the first, second, and third segment rates are 3.27, 5.06, and 5.79 percent, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for September 2024 without adjustment for the 25-year average segment rate limits are as follows:

*24-Month Average Segment Rates Without 25-Year Average Adjustment*

| Applicable Month | First Segment | Second Segment | Third Segment |
|---|---|---|---|
| September 2024 | 5.07 | 5.33 | 5.36 |

The adjusted 24-month average segment rates set forth in the chart below reflect § 430(h)(2)(C)(iv) of the Code. The 24-month averages applicable for September 2024, adjusted to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates in accordance with § 430(h)(2)(C)(iv) of the Code, are as follows:

*Adjusted 24-Month Average Segment Rates*

| For Plan Years Beginning In | Applicable Month | First Segment | Second Segment | Third Segment |
|---|---|---|---|---|
| 2023 | September 2024 | 5.07 | 5.33 | 5.74 |
| 2024 | September 2024 | 5.07 | 5.33 | 5.59 |
| 2025 | September 2024 | 5.07 | 5.31 | 5.50 |

[1] Pursuant to § 433(h)(3)(A), the third segment rate determined under § 430(h)(2)(C) is used to determine the current liability of a CSEC plan (which is used to calculate the minimum amount of the full funding limitation under § 433(c)(7)(C)).

[2] For months before February 2024, the monthly corporate bond yield curve was determined in accordance with Notice 2007-81, 2007-44 I.R.B. 899. Section 1.430(h)(2)-1(d) generally adopts the methodology for determining the monthly corporate bond yield curve under Notice 2007-81 but includes two enhancements to take into account subsequent changes in the bond market. Those enhancements are described in the preamble to TD 9986 (89 FR 2127).

30-YEAR TREASURY SECURITIES INTEREST RATES

Section 431 specifies the minimum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan's current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88-73, 1988-2 C.B. 383, provides guidelines for determining the weighted average interest rate. The rate of interest on 30-year Treasury securities for August 2024 is 4.15 percent. The Service determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in May 2054 determined each day through August 7, 2024 and the yield on the 30-year Treasury bond maturing in August 2054 determined each day for the balance of the month. For plan years beginning in September 2024, the weighted average of the rates of interest on 30-year Treasury securities and the permissible range of rates used to calculate current liability are as follows:

*Treasury Weighted Average Rates*

| For Plan Years Beginning In | 30-Year Treasury Weighted Average | Permissible Range 90% to 105% |
|---|---|---|
| September 2024 | 3.63 | 3.27 to 3.81 |

MINIMUM PRESENT VALUE SEGMENT RATES

In general, the applicable interest rates under § 417(e)(3)(D) are segment rates computed without regard to a 24-month average. Section 1.417(e)-1(d)(3) and Notice 2007-81 provide guidelines for determining the minimum present value segment rates. Pursuant to those guidelines, the minimum present value segment rates determined for August 2024 are as follows:

*Minimum Present Value Segment Rates*

| Month | First Segment | Second Segment | Third Segment |
|---|---|---|---|
| August 2024 | 4.50 | 4.96 | 5.40 |

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Tony Montanaro at 626-927-1475 (not toll-free numbers).

**Table 2024-8**
Monthly Yield Curve for August 2024
Derived from August 2024 Data

| *Maturity* | *Yield* | *Maturity* | *Yield* | *Maturity* | *Yield* | *Maturity* | *Yield* | *Maturity* | *Yield* |
|---|---|---|---|---|---|---|---|---|---|
| 0.5 | 5.05 | 20.5 | 5.31 | 40.5 | 5.41 | 60.5 | 5.48 | 80.5 | 5.51 |
| 1.0 | 4.81 | 21.0 | 5.32 | 41.0 | 5.41 | 61.0 | 5.48 | 81.0 | 5.51 |
| 1.5 | 4.61 | 21.5 | 5.32 | 41.5 | 5.41 | 61.5 | 5.48 | 81.5 | 5.51 |
| 2.0 | 4.46 | 22.0 | 5.33 | 42.0 | 5.42 | 62.0 | 5.48 | 82.0 | 5.52 |
| 2.5 | 4.37 | 22.5 | 5.33 | 42.5 | 5.42 | 62.5 | 5.48 | 82.5 | 5.52 |
| 3.0 | 4.33 | 23.0 | 5.33 | 43.0 | 5.42 | 63.0 | 5.48 | 83.0 | 5.52 |
| 3.5 | 4.31 | 23.5 | 5.33 | 43.5 | 5.42 | 63.5 | 5.49 | 83.5 | 5.52 |
| 4.0 | 4.32 | 24.0 | 5.33 | 44.0 | 5.43 | 64.0 | 5.49 | 84.0 | 5.52 |
| 4.5 | 4.34 | 24.5 | 5.33 | 44.5 | 5.43 | 64.5 | 5.49 | 84.5 | 5.52 |
| 5.0 | 4.37 | 25.0 | 5.33 | 45.0 | 5.43 | 65.0 | 5.49 | 85.0 | 5.52 |
| 5.5 | 4.41 | 25.5 | 5.33 | 45.5 | 5.43 | 65.5 | 5.49 | 85.5 | 5.52 |
| 6.0 | 4.45 | 26.0 | 5.33 | 46.0 | 5.43 | 66.0 | 5.49 | 86.0 | 5.52 |
| 6.5 | 4.50 | 26.5 | 5.33 | 46.5 | 5.44 | 66.5 | 5.49 | 86.5 | 5.52 |
| 7.0 | 4.55 | 27.0 | 5.33 | 47.0 | 5.44 | 67.0 | 5.49 | 87.0 | 5.52 |
| 7.5 | 4.60 | 27.5 | 5.33 | 47.5 | 5.44 | 67.5 | 5.49 | 87.5 | 5.52 |
| 8.0 | 4.65 | 28.0 | 5.33 | 48.0 | 5.44 | 68.0 | 5.49 | 88.0 | 5.52 |
| 8.5 | 4.69 | 28.5 | 5.33 | 48.5 | 5.44 | 68.5 | 5.50 | 88.5 | 5.52 |
| 9.0 | 4.74 | 29.0 | 5.33 | 49.0 | 5.45 | 69.0 | 5.50 | 89.0 | 5.52 |
| 9.5 | 4.78 | 29.5 | 5.33 | 49.5 | 5.45 | 69.5 | 5.50 | 89.5 | 5.52 |
| 10.0 | 4.82 | 30.0 | 5.34 | 50.0 | 5.45 | 70.0 | 5.50 | 90.0 | 5.52 |
| 10.5 | 4.86 | 30.5 | 5.34 | 50.5 | 5.45 | 70.5 | 5.50 | 90.5 | 5.53 |
| 11.0 | 4.90 | 31.0 | 5.34 | 51.0 | 5.45 | 71.0 | 5.50 | 91.0 | 5.53 |
| 11.5 | 4.94 | 31.5 | 5.35 | 51.5 | 5.45 | 71.5 | 5.50 | 91.5 | 5.53 |
| 12.0 | 4.97 | 32.0 | 5.35 | 52.0 | 5.46 | 72.0 | 5.50 | 92.0 | 5.53 |
| 12.5 | 5.01 | 32.5 | 5.36 | 52.5 | 5.46 | 72.5 | 5.50 | 92.5 | 5.53 |
| 13.0 | 5.04 | 33.0 | 5.36 | 53.0 | 5.46 | 73.0 | 5.50 | 93.0 | 5.53 |
| 13.5 | 5.07 | 33.5 | 5.37 | 53.5 | 5.46 | 73.5 | 5.50 | 93.5 | 5.53 |
| 14.0 | 5.10 | 34.0 | 5.37 | 54.0 | 5.46 | 74.0 | 5.50 | 94.0 | 5.53 |
| 14.5 | 5.12 | 34.5 | 5.37 | 54.5 | 5.46 | 74.5 | 5.51 | 94.5 | 5.53 |
| 15.0 | 5.15 | 35.0 | 5.38 | 55.0 | 5.46 | 75.0 | 5.51 | 95.0 | 5.53 |
| 15.5 | 5.17 | 35.5 | 5.38 | 55.5 | 5.47 | 75.5 | 5.51 | 95.5 | 5.53 |
| 16.0 | 5.19 | 36.0 | 5.38 | 56.0 | 5.47 | 76.0 | 5.51 | 96.0 | 5.53 |
| 16.5 | 5.21 | 36.5 | 5.39 | 56.5 | 5.47 | 76.5 | 5.51 | 96.5 | 5.53 |
| 17.0 | 5.23 | 37.0 | 5.39 | 57.0 | 5.47 | 77.0 | 5.51 | 97.0 | 5.53 |
| 17.5 | 5.25 | 37.5 | 5.39 | 57.5 | 5.47 | 77.5 | 5.51 | 97.5 | 5.53 |
| 18.0 | 5.26 | 38.0 | 5.40 | 58.0 | 5.47 | 78.0 | 5.51 | 98.0 | 5.53 |
| 18.5 | 5.28 | 38.5 | 5.40 | 58.5 | 5.47 | 78.5 | 5.51 | 98.5 | 5.53 |
| 19.0 | 5.29 | 39.0 | 5.40 | 59.0 | 5.48 | 79.0 | 5.51 | 99.0 | 5.53 |
| 19.5 | 5.30 | 39.5 | 5.40 | 59.5 | 5.48 | 79.5 | 5.51 | 99.5 | 5.53 |
| 20.0 | 5.31 | 40.0 | 5.41 | 60.0 | 5.48 | 80.0 | 5.51 | 100.0 | 5.53 |

# 2024-2025 Special *Per Diem* Rates

# Notice 2024-68

## SECTION 1. PURPOSE

This annual notice provides the 2024-2025 special *per diem* rates for taxpayers to use in substantiating the amount of ordinary and necessary business expenses incurred while traveling away from home, specifically (1) the special transportation industry meal and incidental expenses (M&IE) rates, (2) the rate for the incidental expenses only deduction, and (3) the rates and list of high-cost localities for purposes of the high-low substantiation method.

## SECTION 2. BACKGROUND

Rev. Proc. 2019-48, 2019-51 I.R.B. 1392 (or successor), provides rules for using a *per diem* rate to substantiate, under § 274(d) of the Internal Revenue Code and § 1.274-5 of the Income Tax Regulations, the amount of ordinary and necessary business expenses paid or incurred while traveling away from home. Taxpayers using the rates and list of high-cost localities provided in this notice must comply with Rev. Proc. 2019-48 (or successor). Notice 2023-68, 2023-41 I.R.B. 1060, provides the rates and list of high-cost localities for the period October 1, 2023, to September 30, 2024.

## SECTION 3. SPECIAL M&IE RATES FOR TRANSPORTATION INDUSTRY

The special M&IE rates for taxpayers in the transportation industry are $80 for any locality of travel in the continental United States (CONUS) and $86 for any locality of travel outside the continental United States (OCONUS). *See* section 4.04 of Rev. Proc. 2019-48 (or successor).

## SECTION 4. RATE FOR INCIDENTAL EXPENSES ONLY DEDUCTION

The rate for any CONUS or OCONUS locality of travel for the incidental expenses only deduction is $5 per day. *See* section 4.05 of Rev. Proc. 2019-48 (or successor).

## SECTION 5. HIGH-LOW SUBSTANTIATION METHOD

1. *Annual high-low rates*. For purposes of the high-low substantiation method, the *per diem* rates in lieu of the rates described in Notice 2023-68 (the *per diem* substantiation method) are $319 for travel to any high-cost locality and $225 for travel to any other locality within CONUS. The amount of the $319 high rate and $225 low rate that is treated as paid for meals for purposes of § 274(n) is $86 for travel to any high-cost locality and $74 for travel to any other locality within CONUS. *See* section 5.02 of Rev. Proc. 2019-48 (or successor). The per diem rates in lieu of the rates described in Notice 2023-68 (the meal and incidental expenses only substantiation method) are $86 for travel to any high-cost locality and $74 for travel to any other locality within CONUS.

2. *High-cost localities*. The following localities have a federal *per diem* rate of $272 or more, and are high-cost localities for the specified portion of the calendar year:

| Key City | County or Other Defined Location | Portion of Calendar Year |
|---|---|---|
| **Alabama** | | |
| Gulf Shores | Baldwin | June 1 – July 31 |
| **Arizona** | | |
| Phoenix/Scottsdale | Maricopa | February 1 – March 31 |
| Sedona | City limits of Sedona | October 1 – December 31 and March 1 – September 30 |
| **California** | | |
| Los Angeles | Los Angeles, Orange, and Ventura, and Edwards AFB, less the city of Santa Monica | October 1 – September 30 |
| Mammoth Lakes | Mono | December 1 – March 31 |
| Monterey | Monterey | October 1 – September 30 |
| Napa | Napa | October 1 – November 30 and February 1 – September 30 |
| Palm Springs | Riverside | October 1 – April 30 |
| San Diego | San Diego | October 1 – September 30 |
| San Francisco | San Francisco | October 1 – September 30 |
| San Luis Obispo | San Luis Obispo | June 1 – July 31 |
| Santa Barbara | Santa Barbara | October 1 – September 30 |
| Santa Monica | City limits of Santa Monica | October 1 – September 30 |
| South Lake Tahoe | El Dorado | December 1 – March 31 |

| Key City | County or Other Defined Location | Portion of Calendar Year |
|---|---|---|
| Sunnyvale/Palo Alto/San Jose | Santa Clara | October 1 – September 30 |
| Yosemite National Park | Mariposa | January 1 – April 30 |
| **Colorado** | | |
| Aspen | Pitkin | October 1 – September 30 |
| Denver/Aurora | Denver, Adams, Arapahoe, and Jefferson | October 1 – October 31 and April 1 – September 30 |
| Silverthorne/Breckenridge | Summit | December 1 – March 31 |
| Steamboat Springs | Routt | December 1 – March 31 |
| Telluride | San Miguel | October 1 – September 30 |
| Vail | Eagle | October 1 – September 30 |
| **Delaware** | | |
| Lewes | Sussex | June 1 – August 31 |
| **District of Columbia** | | |
| Washington, D.C. (also the cities of Alexandria, Falls Church, and Fairfax, and the counties of Arlington and Fairfax, in Virginia; and the counties of Montgomery and Prince George's in Maryland) (See also Maryland and Virginia) | | October 1 – September 30 |
| **Florida** | | |
| Boca Raton/Delray Beach/ Jupiter | Palm Beach and Hendry | January 1 – April 30 |
| Bradenton | Manatee | February 1 – March 31 |
| Cocoa Beach | Brevard | February 1 – March 31 |
| Fort Lauderdale | Broward | January 1 – April 30 |
| Fort Myers | Lee | January 1 – March 31 |
| Fort Walton Beach/ DeFuniak Springs | Okaloosa and Walton | June 1 – July 31 |
| Gulf Breeze | Santa Rosa | June 1 – July 31 |
| Key West | Monroe | October 1 – September 30 |
| Miami | Miami-Dade | December 1 – May 31 |
| Naples | Collier | December 1 – April 30 |
| Panama City | Bay | June 1 – July 31 |
| Sarasota | Sarasota | February 1 – April 30 |
| Sebring | Highlands | February 1 – March 31 |
| Stuart | Martin | February 1 – March 31 |
| Tampa/St. Petersburg | Pinellas and Hillsborough | February 1 – April 30 |
| Vero Beach | Indian River | December 1 – April 30 |
| **Georgia** | | |
| Atlanta | Fulton and DeKalb | January 1 – March 31 |
| Jekyll Island/Brunswick | Glynn | March 1 – July 31 |
| **Idaho** | | |
| Boise | Ada | October 1 – October 31 and June 1 – September 30 |
| Coeur d'Alene | Kootenai | June 1 – August 31 |
| Sun Valley/Ketchum | Blaine and Elmore | December 31 – March 31 and June 1 – September 30 |
| **Illinois** | | |
| Chicago | Cook and Lake | October 1 – November 30 and April 1 – September 30 |

| Key City | County or Other Defined Location | Portion of Calendar Year |
|---|---|---|
| **Maine** | | |
| Bar Harbor/Rockport | Hancock and Knox | October 1 – October 31 and May 1 – September 30 |
| Kennebunk/Kittery/ Sanford | York | July 1 – August 31 |
| Portland | Cumberland and Sagadahoc | October 1 – October 31 and June 1 – September 30 |
| **Maryland** | | |
| Ocean City | Worcester | June 1 – August 31 |
| Washington, D.C. Metropolitan Area | Montgomery and Prince George's | October 1 – September 30 |
| **Massachusetts** | | |
| Boston/Cambridge | Suffolk and city of Cambridge | October 1 – September 30 |
| Falmouth | City limits of Falmouth | July 1 – August 31 |
| Hyannis | Barnstable less the city of Falmouth | July 1 – August 31 |
| Martha's Vineyard | Dukes | October 1 – September 30 |
| Nantucket | Nantucket | June 1 – September 30 |
| **Michigan** | | |
| Mackinac Island | Mackinac | July 1 – August 31 |
| Petoskey | Emmet | June 1 – August 31 |
| Traverse City | Grand Traverse | July 1 – August 31 |
| **Minnesota** | | |
| Duluth | St. Louis | October 1 – October 31 and June 1 – September 30 |
| **Montana** | | |
| Big Sky/West Yellowstone/Gardiner | Gallatin and Park | June 1 – September 30 |
| Kalispell/Whitefish | Flathead | July 1 – September 30 |
| **New Jersey** | | |
| Toms River | Ocean | July 1 – August 31 |
| **New York** | | |
| Glens Falls | Warren | July 1 – August 31 |
| Lake Placid | Essex | July 1 – August 31 |
| New York City | Bronx, Kings, New York, Queens, and Richmond | October 1 – December 31 and March 1 – September 30 |
| Saratoga Springs/ Schenectady | Saratoga and Schenectady | July 1 – August 31 |
| **North Carolina** | | |
| Kill Devil Hills | Dare | June 1 – August 31 |
| **Oregon** | | |
| Bend | Deschutes | June 1 – August 31 |
| Eugene/Florence | Lane | June 1 – July 31 |
| Seaside | Clatsop | July 1 – August 31 |
| **Pennsylvania** | | |
| Hershey | Hershey | June 1 – August 31 |
| Philadelphia | Philadelphia | October 1 – November 30 and April 1 – September 30 |
| **Rhode Island** | | |
| Jamestown/Middletown/ Newport | Newport | October 1 – October 31 and June 1 – September 30 |

| Key City | County or Other Defined Location | Portion of Calendar Year |
|---|---|---|
| **South Carolina** | | |
| Charleston | Charleston, Berkeley, and Dorchester | October 1 – September 30 |
| Hilton Head | Beaufort | March 1 – August 31 |
| **Tennessee** | | |
| Nashville | Davidson | October 1 – September 30 |
| **Utah** | | |
| Moab | Grand | October 1 – October 31, March 1 – June 30, and September 1 – September 30 |
| Park City | Summit | October 1 – September 30 |
| **Vermont** | | |
| Burlington | Chittenden | October 1 – October 31 and May 1 – September 30 |
| Manchester | Bennington | October 1 – October 31 and August 1 – September 30 |
| Montpelier | Washington | October 1 – October 31 and August 1 – September 30 |
| **Virginia** | | |
| Virginia Beach | City of Virginia Beach | June 1 – August 31 |
| Wallops Island | Accomack | July 1 – August 31 |
| Washington, D.C. Metropolitan Area | Cities of Alexandria, Falls Church, and Fairfax; counties of Arlington and Fairfax | October 1 – September 30 |
| **Washington** | | |
| Port Angeles/Port Townsend | Clallam and Jefferson | July 1 – August 31 |
| Seattle | King | October 1 – September 30 |
| **Wyoming** | | |
| Jackson/Pinedale | Teton and Sublette | October 1 – September 30 |

3. *Changes in high-cost localities*. The list of high-cost localities in this notice differs from the list of high-cost localities in section 5 of Notice 2023-68.

a. The following localities have been added to the list of high-cost localities: Los Angeles, California; Mammoth Lakes, California; Palm Springs, California; South Lake Tahoe, California; Boise, Idaho; Coeur d'Alene, Idaho; Bend, Oregon; Burlington, Vermont.

b. The following localities have changed the portion of the year in which they are high-cost localities: Sedona, Arizona; Monterey, California; Napa, California; San Luis Obispo, California; Yosemite National Park, California; Aspen, Colorado; Silverthorne/Breckenridge, Colorado; Lewes, Delaware; District of Columbia (see also Maryland and Virginia); Boca Raton/Delray Beach/Jupiter, Florida; Fort Myers, Florida; Tampa/St. Petersburg, Florida; Vero Beach, Florida; Bar Harbor/Rockport, Maine; Portland, Maine; Ocean City, Maryland; Washington, D.C. Metropolitan Area in Maryland (counties of Montgomery and Prince George's); Falmouth, Massachusetts; Nantucket, Massachusetts; Petoskey, Michigan; Kalispell/Whitefish, Montana; Kill Devil Hills, North Carolina; Philadelphia, Pennsylvania; Moab, Utah; Washington, D.C. Metropolitan Area in Virginia (cities of Alexandria, Falls Church, and Fairfax; counties of Arlington and Fairfax); Seattle, Washington.

c. The following localities have been removed from the list of high-cost localities: Mill Valley/San Rafael/Novato, California; Oakland, California; San Mateo/Foster City/Belmont, California; Grand Lake, Colorado; Pensacola, Florida; Punta Gorda, Florida; Missoula, Montana; Carlsbad, New Mexico; Lincoln City, Oregon; Myrtle Beach, South Carolina; Cody, Wyoming.

**SECTION 6. EFFECTIVE DATE**

This notice is effective for *per diem* allowances for lodging, meal and incidental expenses, or for meal and incidental expenses only, that are paid to any employee on or after October 1, 2024, for travel away from home on or after October 1, 2024. For purposes of computing the amount allowable as a deduction for travel away from home, this notice is effective for meal and incidental expenses or for incidental expenses only paid or incurred on or after October 1, 2024. *See* sections 4.06 and 5.04 of Rev. Proc. 2019-48 (or successor) for transition rules for the last 3 months of calendar year 2024.

**SECTION 7. EFFECT ON OTHER DOCUMENTS**

Notice 2023-68 is superseded.

**DRAFTING INFORMATION**

The principal author of this notice is C. Dylan Durham of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this notice, contact Mr. Durham at 202-317-7005 (not a toll-free number).

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# Credit for Renewable Electricity Production and Publication of Inflation Adjustment Factor and Reference Price for Calendar Year 2024

## Notice 2024-69

This notice publishes the inflation adjustment factor and reference price for calendar year 2024 for the renewable electricity production credit under section 45 of the Internal Revenue Code (section 45 credit). The 2024 inflation adjustment factor and reference price are used in determining the availability of the credit and apply to calendar year 2024 sales of kilowatt hours of electricity produced in the United States or a possession thereof from qualified energy resources.

**BACKGROUND**

Section 45 was amended by section 13101 of Public Law 117-169, 136 Stat. 1818 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA). The IRA changed the manner in which the section 45 credit amounts are calculated for any qualified facility placed in service after December 31, 2021.

As amended by the IRA, section 45(b)(6)(A) provides that, in the case of any qualified facility that satisfies the requirements of section 45(b)(6)(B), the credit amount determined under section 45(a) (determined after the application of section 45(b)(1) through (5) and without regard to section 45(b)(6)) is equal to such amount multiplied by 5. A qualified facility satisfies the requirements of section 45(b)(6)(B) if it is placed in service after December 31, 2021, and it is one of the following: (i) a facility with a maximum net output of less than 1 megawatt (as measured in alternating current); (ii) a facility the construction of which began prior to January 29, 2023, which is the date that is 60 days after the publication of the guidance with respect to the requirements of section 45(b)(7)(A) (prevailing wage requirements) and section 45(b)(8) (apprenticeship requirements);[1] or (iii) a facility that satisfies the requirements of section 45(b)(7)(A) and (8). The IRA also added bonus credit amounts with respect to qualified facilities placed in service after December 31, 2022, that meet domestic content requirements under section 45(b)(9)[2] or energy community requirements under section 45(b)(11).[3]

The IRA amended the phaseout of the section 45 credit for wind facilities under section 45(b)(5) such that it does not apply to facilities placed in service after December 31, 2021. The IRA also added a new phaseout of the section 45 credit under section 45(b)(10) in the case of qualified facilities placed in service after December 31, 2022, for taxpayers making an elective payment election under section 6417. The IRA also amended the credit amount reduction under section 45(b)(3) in the case of qualified facilities the construction of which began after August 16, 2022.

The IRA amended section 45(d)(4) to restore the section 45 credit for electricity produced in solar energy facilities in the case of qualified facilities placed in service after December 31, 2021, and the construction of which begins before January 1, 2025. Effective for facilities placed in service after December 31, 2022, the IRA (1) removed the one-half reduction of the credit amount under section 45(b)(4)(A) for qualified hydropower facilities and marine and hydrokinetic renewable energy facilities and (2) amended the definition of marine and hydrokinetic renewable energy under section 45(c)(10) and the definition of a marine and hydrokinetic renewable energy facility under section 45(d)(11). The IRA also extended certain deadlines in the definitions under section 45(d) for wind facilities, closed-loop biomass facilities, open-loop biomass facilities, geothermal facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities.

Section 45(a) provides that the renewable electricity production credit for any tax year is an amount equal to the product of the kilowatt hours of specified electricity produced by the taxpayer and sold to an unrelated person during the tax year multiplied by 1.5 cents (in the case of a qualified facility placed in service before January 1, 2022) or 0.3 cents (in the case of a qualified facility placed in service after December 31, 2021). This electricity must be produced from qualified energy resources and at a qualified facility during the 10-year period beginning on the date the facility was originally placed in service.

Section 45(b)(1) provides that the amount of the credit determined under section 45(a) is reduced by an amount which bears the same ratio to the amount of the credit as the amount by which the reference price for the calendar year in which the sale occurs exceeds 8 cents, bears to 3 cents. Under section 45(b)(2), the 1.5 cent (or 0.3 cent) amount in section 45(a) and the 8 cent amount in section 45(b)(1) are each adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. In the case of any qualified facility placed in service before January 1, 2022, if any amount as increased under section 45(b)(2) is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of 0.1 cent. In the case of any qualified facility placed in service after December 31, 2021, if the 0.3 cent amount as increased under section 45(b)(2) is not a multiple of 0.05 cent, such amount is rounded to the nearest multiple of 0.05 cent.

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[1] *See* §§ 1.45-6, 1.45-7, 1.45-8, and 1.45-12 of the Income Tax Regulations for additional information regarding the requirements of section 45(b)(6)(B).

[2] *See* Notice 2023-38, 2023-22 I.R.B. 872 (May 12, 2023) and Notice 2024-41, IR-2024-140 (May 16, 2024), corrected at IR 2024-147 (May 24, 2024), for additional information regarding the domestic content bonus credit.

[3] *See* Notice 2024-30, 2024-16 I.R.B. 878 (April 15, 2024), for additional information regarding the energy community bonus credit.

In the case of electricity produced in open-loop biomass facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and, if placed in service before January 1, 2023, marine and hydrokinetic renewable energy facilities, section 45(b)(4)(A) requires the amount in effect under section 45(a)(1) for such calendar year (determined before rounding as required by section 45(b)(2)) to be reduced by one-half. As amended by the IRA, the one-half reduction under section 45(b)(4)(A) no longer applies to qualified hydropower facilities and marine and hydrokinetic renewable energy facilities placed in service after December 31, 2022.

Section 45(b)(5) provides that in the case of any qualified wind facility placed in service before January 1, 2022, the amount of the credit determined under section 45(a) (determined after the application of section 45(b)(1), (2), and (3) and without regard to section 45(b)(5)) shall be reduced by (A) in the case of any facility the construction of which began after December 31, 2016, and before January 1, 2018, 20 percent, (B) in the case of any facility the construction of which began after December 31, 2017, and before January 1, 2019, 40 percent, (C) in the case of any facility the construction of which began after December 31, 2018, and before January 1, 2020, 60 percent, and (D) in the case of any facility the construction of which began after December 31, 2019, and before January 1, 2022, 40 percent.

Section 45(c)(1) defines qualified energy resources as wind, closed-loop biomass, open-loop biomass, geothermal energy, solar energy, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy.

Section 45(d)(1) defines a qualified facility using wind to produce electricity as any facility owned by the taxpayer that is originally placed in service after December 31, 1993, and the construction of which begins before January 1, 2025. *See* section 45(e)(7) for rules relating to the inapplicability of the credit to electricity sold to utilities under certain contracts.

Section 45(d)(2)(A) defines a qualified facility using closed-loop biomass to produce electricity as any facility owned by the taxpayer that is originally placed in service after December 31, 1992, and the construction of which begins before January 1, 2025, or owned by the taxpayer which before January 1, 2025, is originally placed in service and modified to use closed-loop biomass to co-fire with coal, with other biomass, or with both, but only if the modification is approved under the Biomass Power for Rural Development Programs or is part of a pilot project of the Commodity Credit Corporation as described in 65 FR 63052. For purposes of section 45(d)(2)(A)(ii), a facility shall be treated as modified before January 1, 2025, if the construction of such modification begins before such date. Section 45(d)(2)(C) provides that in the case of a qualified facility described in section 45(d)(2)(A)(ii), the 10-year period referred to in section 45(a) is treated as beginning no earlier than the date of the enactment of section 45(d)(2)(C)(i) (October 22, 2004), and if the owner of such facility is not the producer of the electricity, the person eligible for the credit allowable under section 45(a) is the lessee or the operator of such facility. A qualified facility using closed-loop biomass includes a new unit placed in service after the date of the enactment of section 45(d)(2)(B) (October 3, 2008) in connection with a qualified facility using closed-loop biomass, but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.

Section 45(d)(3)(A) defines a qualified facility using open-loop biomass to produce electricity as any facility owned by the taxpayer which in the case of a facility using agricultural livestock waste nutrients, is originally placed in service after the date of the enactment of section 45(d)(3)(A)(i)(I) (October 22, 2004) and the construction of which begins before January 1, 2025, and the nameplate capacity rating of which is not less than 150 kilowatts, and in the case of any other facility, the construction of which begins before January 1, 2025. In the case of any facility described in section 45(d)(3)(A), if the owner of such facility is not the producer of the electricity, section 45(d)(3)(C) provides that the person eligible for the credit allowable under section 45(a) is the lessee or the operator of such facility. A qualified facility using open-loop biomass includes a new unit placed in service after the date of the enactment of section 45(d)(3)(B) (October 3, 2008) in connection with a qualified facility using open-loop biomass, but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.

Section 45(d)(4) defines a qualified facility using geothermal energy to produce electricity as any facility owned by the taxpayer that is originally placed in service after the date of the enactment of section 45(d)(4) (October 22, 2004) and the construction of which begins before January 1, 2025. A qualified facility using geothermal energy does not include any property described in section 48(a)(3) the basis of which is taken into account by the taxpayer for purposes of determining the energy credit under section 48.

As amended by the IRA and effective for solar energy facilities placed in service after December 31, 2021, section 45(d)(4) also defines a qualified facility using solar energy to produce electricity as any facility owned by the taxpayer that is originally placed in service after the date of the enactment of section 45(d)(4) (October 22, 2004) and the construction of which begins before January 1, 2025. A qualified facility using solar energy does not include any property described in section 48(a)(3) the basis of which is taken into account by the taxpayer for purposes of determining the energy credit under section 48.

Section 45(d)(6) defines a qualified facility using gas derived from the biodegradation of municipal solid waste to produce electricity as any facility owned by the taxpayer that is originally placed in service after the date of the enactment of section 45(d)(6) (October 22, 2004) and the construction of which begins before January 1, 2025.

Section 45(d)(7) defines a qualified facility (other than a facility described in section 45(d)(6)) that uses municipal solid waste to produce electricity as any facility owned by the taxpayer that is originally placed in service after the date of the enactment of section 45(d)(7) (October 22, 2004) and the construction of which begins before January 1, 2025. A qualified facility using municipal solid waste includes a new unit placed in service in connection with a facility placed in service on or before the date of the enactment of section 45(d)(7), but only to the extent

of the increased amount of electricity produced at the facility by reason of such new unit.

Section 45(d)(9) defines a qualified facility producing qualified hydroelectric production (as described in section 45(c)(8)) as (i) any facility producing incremental hydropower production, but only to the extent of its incremental hydropower production attributable to efficiency improvements or additions to capacity described in section 45(c)(8)(B) placed in service after the date of the enactment of section 45(d)(9) (August 8, 2005) and before January 1, 2025, and (ii) any other facility placed in service after the date of the enactment of section 45(d)(9) (August 8, 2005) and the construction of which begins before January 1, 2025. Section 45(d)(9)(B) provides that, in the case of a qualified facility described in section 45(d)(9)(A), the 10-year period referred to in section 45(a) shall be treated as beginning on the date the efficiency improvements or additions to capacity are placed in service. Section 45(d)(9)(C) provides that for purposes of section 45(d)(9)(A)(i), an efficiency improvement or addition to capacity shall be treated as placed in service before January 1, 2025, if the construction of such improvement or addition begins before such date.

As amended by the IRA, section 45(d)(11) provides that, in the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term "qualified facility" means any facility owned by the taxpayer which has a nameplate capacity rating of at least 150 kilowatts (or at least 25 kilowatts in the case of a facility placed in service after December 31, 2022), and is originally placed in service on or after the date of the enactment of section 45(d)(11) (October 3, 2008) and the construction of which begins before January 1, 2025.

Section 45(e)(2)(A) requires the Secretary to determine and publish in the Federal Register each calendar year the inflation adjustment factor and the reference price for such calendar year. The inflation adjustment factor and the reference price for the 2024 calendar year were published in the Federal Register at 89 FR 56924 on July 11, 2024. A correction notice was published in the Federal Register at 89 FR 76191 on September 17, 2024.

Section 45(e)(2)(B) defines the inflation adjustment factor for a calendar year as a fraction the numerator of which is the GDP implicit price deflator for the preceding calendar year and the denominator of which is the GDP implicit price deflator for the calendar year 1992. The term "GDP implicit price deflator" means the most recent revision of the implicit price deflator for the gross domestic product as computed and published by the Department of Commerce before March 15 of the calendar year.

Section 45(e)(2)(C) provides that the reference price with respect to a calendar year is the Secretary's determination of the annual average contract price per kilowatt hour of electricity generated from the same qualified energy resource and sold in the previous year in the United States. Only contracts entered into after December 31, 1989, are taken into account.

## INFLATION ADJUSTMENT FACTOR AND REFERENCE PRICE

The inflation adjustment factor for calendar year 2024 for qualified energy resources is 1.9499.

The reference price for calendar year 2024 for facilities producing electricity from wind (based upon information provided by the Department of Energy) is 3.15 cents per kilowatt hour. The reference prices for facilities producing electricity from closed-loop biomass, open-loop biomass, geothermal energy, solar energy, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy have not been determined for calendar year 2024.

## PHASEOUT CALCULATION

Because the 2024 reference price for electricity produced from wind (3.15 cents per kilowatt hour) does not exceed 8 cents multiplied by the inflation adjustment factor (1.9499), the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2024. However, section 45(b)(5) provides an additional phaseout of the credit for wind facilities placed in service before January 1, 2022, and the construction of which began after December 31, 2016. For electricity produced from closed-loop biomass, open-loop biomass, geothermal energy, solar energy, municipal solid waste, qualified hydropower production, and marine and hydrokinetic renewable energy, the phaseout of the credit provided in section 45(b)(1) does not apply to such electricity sold during calendar year 2024.

## CREDIT AMOUNT FOR A QUALIFIED FACILITY PLACED IN SERVICE BEFORE JANUARY 1, 2022

As required by section 45(b)(2), the 1.5 cent amount provided in section 45(a)(1) is adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If any amount as increased under section 45(b)(2) is not a multiple of 0.1 cent, such amount is rounded to the nearest multiple of 0.1 cent. In the case of electricity produced in open-loop biomass facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities, section 45(b)(4)(A) requires the amount in effect under section 45(a)(1) for such calendar year (before rounding to the nearest 0.1 cent as required by section 45(b)(2)) to be reduced by one-half.[4]

Under the calculation required by section 45(b)(2), the credit for renewable electricity production for calendar year 2024 determined under section 45(a) is 2.9 cents per kilowatt hour on the sale of electricity produced in any qualified facility placed in service before January 1, 2022, from the qualified energy resources of wind, closed-loop biomass, and geothermal energy, and 1.5 cents per kilowatt hour on the sale of electricity produced in any qualified facility placed in service before January 1, 2022, from the qualified energy resources of open-loop biomass, landfill gas, trash, qualified hydropower, and marine and hydrokinetic renewable energy.

[4] As amended by the IRA and discussed later in this notice, the one-half reduction under section 45(b)(4)(A) no longer applies to qualified hydropower facilities and marine and hydrokinetic renewable energy facilities placed in service after December 31, 2022.

**CREDIT AMOUNT FOR A QUALIFIED FACILITY PLACED IN SERVICE AFTER DECEMBER 31, 2021**

As required by section 45(b)(2), the 0.3 cent amount provided in section 45(a)(1) is adjusted by multiplying such amount by the inflation adjustment factor for the calendar year in which the sale occurs. If the 0.3 cent amount as adjusted for inflation is not a multiple of 0.05 cent, the amount is rounded to the nearest multiple of 0.05 cent. In the case of electricity produced in open-loop biomass facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities, section 45(b)(4)(A) requires the amount in effect under section 45(a)(1) for such calendar year (determined before rounding as required by section 45(b)(2)) to be reduced by one-half.

Under the calculation required by section 45(b)(2), the credit for renewable electricity production for calendar year 2024 determined under section 45(a) is 0.6 cents per kilowatt hour on the sale of electricity produced in any qualified facility placed in service after December 31, 2021, from the qualified energy resources of wind, closed-loop biomass, geothermal energy, and solar energy, and 0.3 cents per kilowatt hour on the sale of electricity produced in any qualified facility placed in service after December 31, 2021, from the qualified energy resources of open-loop biomass, landfill gas and trash. The credit for renewable electricity production for calendar year 2024 determined under section 45(a) is also 0.3 cents per kilowatt hour on the sale of electricity produced in any qualified facility placed in service after December 31, 2021, and before January 1, 2023, from the qualified energy resources of qualified hydropower and marine and hydrokinetic renewable energy.

**CREDIT AMOUNT FOR QUALIFIED HYDROPOWER FACILITIES AND MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES PLACED IN SERVICE AFTER DECEMBER 31, 2022**

The one-half reduction under section 45(b)(4)(A) no longer applies to qualified hydropower facilities and marine and hydrokinetic renewable energy facilities placed in service after December 31, 2022. Accordingly, under the calculation required by section 45(b)(2), the credit for renewable electricity production for calendar year 2024 determined under section 45(a) is 0.6 cents per kilowatt hour on the sale of electricity produced in any qualified facility placed in service after December 31, 2022, from the qualified energy resources of qualified hydropower and marine and hydrokinetic renewable energy.

**DRAFTING AND CONTACT INFORMATION**

The principal author of this notice is Charles Hyde of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Mr. Hyde at (202) 317-6853 (not a toll-free number).

**NOTE.** This revenue procedure will be reproduced as the next revision of IRS Publication 1223, General Rules and Specifications for Substitute Forms W-2c and W-3c.

26 CFR 601.602: Tax forms and instructions. (Also Part I, Sections 6041, 6051, 6071, 6081, 6091; 1.6041-1, 1.6041-2, 31.6051-1, 31.6051-2, 31.6071(a)-1, 31.6081(a)-1, 31.6091-1.)

# Rev. Proc. 2024-36

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**Part 1 – SUBSTITUTE FORMS W-2C AND W-3C**

## Part 1
## Substitute Forms W-2c and W-3c

### Section 1.1 – Purpose

**.01** The purpose of this revenue procedure is to state the requirements of the Internal Revenue Service (IRS) and the Social Security Administration (SSA) regarding the preparation and use of substitute forms for Form W-2c, Corrected Wage and Tax Statement, and Form W-3c, Transmittal of Corrected Wage and Tax Statements.

**.02** The official IRS Form W-2c is a six-part form and the official IRS Form W-3c is a one-part form. Red-ink substitute forms that completely conform to the specifications contained in this document may be privately printed without the prior approval of the IRS or the SSA. Only the substitute black-and-white Form W-2c (Copy A) and substitute black-and-white Form W-3c need to be submitted to the SSA for approval.

**Note.** Both paper substitute forms filed with the SSA, and those furnished to employees, that do not totally conform to these specifications are not acceptable. Forms W-2c (Copy A) and Forms W-3c that do not conform may be returned. In addition, penalties may be assessed by the IRS.

**.03** Substitute red-ink forms should not be submitted to either the IRS or the SSA for specific approval. If you are uncertain of any specification and want clarification, do the following.

1. Submit a letter to the appropriate address below citing the specification.
2. State your understanding of the specification; enclose an example.
3. Be sure to include your name, complete address, phone number, and, if applicable, your email address with your correspondence.

**.04** Any questions about the red-ink Form W-2c (Copy A) and Form W-3c should be emailed to *substituteforms@irs.gov*. Please enter "Substitute Forms" on the subject line. Or send your questions to:

Internal Revenue Service
Attn: Substitute Forms Program
C:DC:TS:CAR:MP:P:TP:TP
ATSC
4800 Buford Highway
Mail Stop 061-N
Chamblee, GA 30341

**Note.** Do not send completed forms to the Substitute Forms Program via email or mail as they are unable to process those forms. Any examples/samples of substitute forms sent to the Substitute Forms Program should not contain taxpayer information.

Any questions about the substitute black-and-white Form W-2c (Copy A) and W-3c should be emailed to *copy.a.forms@ssa.gov* or sent to:

Social Security Administration
Direct Operations Center
**Attn: Substitute Black-and-White Copy A Forms, Room 341**
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Do not email or mail **completed** Forms W-2c (Copy A) to the SSA Substitute Black-and-White Copy A Forms address as they are unable to process those forms. Submitters should use the address shown on the Form W-3c.

**Note.** You should receive a response from either the IRS or the SSA within 30 days.

**.05** Forms W-2c and envelopes containing Forms W-2c that include logos, slogans, and advertisements (including advertisements for tax preparation software) may be considered as suspicious or altered Forms W-2c (also known as questionable Forms W-2c). An employee may not recognize the importance of the employee copy for tax reporting purposes due to the use of logos, slogans, and advertisements. Thus, the IRS has determined that logos, slogans, and advertising will not be allowed on Copy A of Forms W-2c, Forms W-3c, or any employee copies reporting wages, or on an envelope or enclosed in an envelope containing any of those documents, with the following exceptions:

- Forms and envelopes may include the exact name of the employer or agent, primary trade name, trademark, service mark, or symbol of the employer or agent.
- Forms and envelopes may include an embossment or watermark on the information return (and copies) that is a representation of the name, a primary trade name, trademark, service mark, or symbol of the employer or agent.
- Presentation may be in any typeface, font, stylized fashion, or print color normally used by the employer or agent; and used in a non-intrusive manner.
- These items do not materially interfere with the ability of the recipient to recognize, understand, and use the tax information on the employee copies.

The IRS e-file logo on the IRS official employee copies may be included, but it is not required, on any of the substitute form copies.

The information return and employee copies must clearly identify the employer's name associated with its employer identification number (EIN).

Forms W-2c and W-3c are subject to annual review and possible change. This revenue procedure may be revised to state other requirements of the IRS and the SSA regarding the preparation and use of substitute forms for Form W-2c and Form W-3c for corrections to be made at a future date. If you have comments about the prohibition against including slogans, advertising, and logos on information returns and employee copies, email or send your comments to: *substituteforms@irs.gov* or Internal Revenue Service, Attn: Substitute Forms Program, C:DC:TS:CAR:MP:P:TP:TP, ATSC, 4800 Buford Highway, Mail Stop 061-N, Chamblee, GA 30341.

**.06** The Internal Revenue Service/Technical Service Operation (IRS/TSO) maintains a centralized customer service call site to answer questions related to information returns (Forms W-2, W-3, W-2c, W-3c, 1099 series, 1096, etc.). You can reach the call site at 866-455-7438 (toll free) or 304-263-8700 (not a toll-free number). Deaf or hard-of-hearing customers may call any of our toll-free numbers using their choice of relay service. Questions regarding the filing of information returns can be emailed to *fire@irs.gov*. When you send emails concerning specific file information, include the company name and the electronic file name or Transmitter Control Code (TCC). Do not include tax identification numbers (TINs) or attachments in email correspondence because electronic mail is not secure.

File paper or electronic Forms W-2c (Copy A) with the SSA. The IRS/TSO does not process Forms W-2c (Copy A).

**.07** The following form instructions and publications provide more detailed filing procedures for certain information returns.

- General Instructions for Forms W-2 and W-3 (Including Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c).
- Publication 1141, General Rules and Specifications for Substitute Forms W-2 and W-3.

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**Section 1.2 – What's New**

**.01 OMB Number.** The June 2024 revisions of Forms W-2c and W-3c have a new OMB Number: 1545-0029. This number is the same as that for the 2025 and later Forms W-2 (including territorial Forms W-2), W-3, W-3SS, and various revisions of other employment tax forms.

**.02 Changes to IRS customer service information.** The Internal Revenue Service/Information Returns Branch (IRS/IRB) is now known as the Internal Revenue Service/Technical Service Operation (IRS/TSO). The phone numbers for the call site have not changed. However, the address for email inquiries has changed to *ire@irs.gov*. See *Section 1.1.06* above for more information.

**.03 IRS address change.** Inquiries about the red-ink Form W-2c (Copy A) and Form W-3c should be sent to the IRS at: Internal Revenue Service, Attn: Substitute Forms Program, C:DC:TS:CAR:MP:P:TP:TP, ATSC, 4800 Buford Highway, Mail Stop 061-N, Chamblee, GA 30341.

**.04 Identifying number 44444.** We clarified *Section 1.6.05* to add that the identifying number "44444" and "For Official Use Only" text are not required to be included on employee copies of substitute Forms W-2c.

**.05 Exhibits.** All of the exhibits in this publication were updated for the June 2024 revisions of those forms.

**.06 Editorial changes.** We made editorial changes throughout, including to update references. Redundancies were eliminated as much as possible.

**Section 1.3 – Filing Forms W-2c and W-3c Electronically**

**.01** If an employer was required to electronically file the original Form W-2, they must electronically file any Form W-2c correcting that form. If the original Form W-2 was permitted to be filed on paper and was filed on paper, then the employer must file any Form W-2c correcting that form on paper. See Regulations section 301.6011-2(c)(4)(ii) for more information. SSA publication EFW2C, Specifications for Filing Forms W-2c Electronically, contains specifications and procedures for filing Forms W-2c. Employers are cautioned to obtain the most recent revision of EFW2C (and supplements) due to any subsequent changes in specifications and procedures. Instead of the EFW2C upload format, the employer can use SSA's online fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA. For more information, go to *SSA.gov/employer/*.

**.02** You may obtain a copy of the EFW2C by accessing the SSA website at *SSA.gov/employer/EFW2&EFW2C*.

**.03** Electronic filers do not file a paper Form W-3c. See the SSA publication EFW2C for guidance on transmitting Form W-2c (Copy A) information to the SSA electronically.

**.04** Employers who do not comply with the electronic filing requirements for Form W-2c (Copy A) and who are not granted a waiver by the IRS may be subject to penalties. Employers who file Form W-2c information with the SSA electronically must not send the same data to the SSA on paper Forms W-2c (Copy A). Any duplicate reporting may subject filers to unnecessary contacts by the SSA or the IRS.

**Section 1.4 – Specifications for Red-Ink Substitute Forms W-2c (Copy A) and W-3c Filed With the SSA**

**.01** The official IRS-printed red dropout ink Form W-2c (Copy A) and W-3c and their exact substitutes are referred to as red-ink in this revenue procedure. Employers may file substitute Forms W-2c (Copy A) and W-3c with the SSA. The substitute forms must be exact replicas of the official IRS forms with respect to layout and content because they will be read by scanner equipment. Even the slightest deviation can result in incorrect scanning, and may affect money amounts reported for employees.

**.02** Color and paper quality for Form W-2c (Copy A) (cut sheets and continuous pin-fed forms) and Form W-3c must be white 100% bleached chemical wood, optical character recognition (OCR) bond. The contractor must initiate or have a quality control program to assure OCR ink density.

| | | |
|---|---|---|
| • | Acidity: Ph value, average, not less than . . . . . | 4.5 |
| • | Basis weight: 17 x 22 inch 500 cut sheets, pound . . . . . | 18–20 |
| • | Metric equivalent—gm./sq. meter | |
| | (a tolerance of +5 pct. is allowed) . . . . . | 68–75 |
| • | Stiffness: Average, each direction, not less than—milligrams | |
| | Cross direction . . . . . | 50 |
| | Machine direction . . . . . | 80 |

| | | |
|---|---|---|
| • | Tearing strength: Average, each direction, not less than—grams . . . . . | 40 |
| • | Opacity: Average, not less than—percent . . . . . | 82 |
| • | Reflectivity: Average, not less than—percent . . . . . | 68 |
| • | Thickness: Average—inch . . . . . | 0.0038 |
| | Metric equivalent—mm . . . . . | 0.097 |
| | (a tolerance of +0.0005 inch (0.0127 mm) is allowed). Paper cannot vary more than 0.0004 inch (0.0102 mm) from one edge to the other. | |
| • | Porosity: Average, not less than—seconds . . . . . | 10 |
| • | Finish (smoothness): Average, each side—seconds . . . . . | 20–55 |
| | (for information only) the Sheffield equivalent—units . . . . . | 170-d200 |
| • | Dirt: Average, each side, not to exceed—parts per million . . . . . | 8 |

**Note.** Reclaimed fiber in any percentage is permitted, provided the requirements of this standard are met.

**.03** All printing of substitute Forms W-2c (Copy A) and W-3c must be in Flint J-6983 red OCR dropout ink except as specified below. The following must be printed in nonreflective black ink:

- Identifying number "44444" for Forms W-2c (Copy A) or "55555" for Form W-3c at the top of the forms.
- The four (4) corner register marks on the forms.
- The form identification number ("W-3c") at the bottom of Form W-3c.
- All the instructions below Form W-3c beginning with "Purpose of Form" to the end of Form W-3c.

**.04** The vertical and horizontal spacing on Forms W-2c and W-3c must meet specifications. See Exhibits A and B.

- On Form W-3c and Form W-2c (Copy A), all the perimeter rules must be 1-point (0.014-inch), while all other rules must be one-half point (0.007-inch). Vertical rules must be parallel to the left edge of the form; horizontal rules parallel to the top edge.
- The top, left, and right margins on Form W-2c (Copy A) and Form W-3c must be 0.50 inches. The width of a substitute Form W-2c (Copy A) or W-3c must be 7.50 inches. See Exhibits A and B.
- The first three columns on Form W-2c (Copy A) and Form W-3c must measure 1.90 inches in width.
- The last column on Form W-2c (Copy A) and Form W-3c must measure 1.80 inches in width.

**.05** The official red-ink Form W-3c and Form W-2c (Copy A) are 7.50 inches wide. Employers filing Forms W-2c (Copy A) with the SSA on paper must also file a Form W-3c. One Form W-2c (Copy A) or Form W-3c is contained on a standard-size, 8.5 x 11-inch page.

**.06** The top, left, and right margins for the Form W-2c (Copy A) and Form W-3c are 0.50 inches ($^1/_2$ inch). All margins must be free of printing except for the words "DO NOT CUT, FOLD,

OR STAPLE THIS FORM" on red-ink Form W-2c (Copy A) and "DO NOT CUT, FOLD, OR STAPLE" on red-ink Form W-3c.

**.07** The identifying numbers are "44444" for Form W-2c and "55555" for Form W-3c. No printing should appear anywhere near the identifying numbers.

**Note.** The identifying number must be printed in nonreflective black ink in OCR-A font of 10 characters per inch.

**.08** Continuous pin-fed Forms W-2c (Copy A) must be separated into 11-inch deep pages. The pin-fed strips must be removed when Forms W-2c (Copy A) are filed with the SSA.

**.09** Box 12 of Form W-2c (Copy A) contains four entry boxes – 12a, 12b, 12c, and 12d. Do not make more than one entry per box. Enter your first code in box 12a (for example, enter Code D in box 12a, not 12d, if it is your first entry). If more than four items need to be reported in box 12, use a second Form W-2c to report the additional items (see *Multiple forms* in the most recent General Instructions for Forms W-2 and W-3). Do not report the same federal tax data to the SSA on more than one Form W-2c (Copy A). However, repeat the identifying information (employee's name, address, and SSN; employer's name, address, and EIN) on each additional form.

**.10** The checkboxes in box 13 of Form W-2c (Copy A) must be 0.14 inches each. Each space before the first checkbox is 0.20 inches; each space between the first checkbox and second checkbox should be 0.36 inches; each space between the second and third checkboxes should be 0.44 inches; and each space between the third checkbox to the margin of box 13 should be 0.48 inches. The checkboxes in box c of Form W-3c must also be 0.14 inches.

**Note.** More than 50% of an applicable checkbox must be covered by an "X."

**.11** All substitute Forms W-2c (Copy A) and W-3c in the red-ink format must have the form number and form title printed on the bottom face of each form using type identical or a close approximation to that of the official IRS form. The red-ink substitute must have the form producer's (not the form filer's) EIN entered in red in place of the Cat. No. (directly to the left of "Department of the Treasury" on Form W-2c (Copy A) and at the bottom on Form W-3c).

**.12** The words "For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions." must be printed on all Forms W-2c (Copy A) and Forms W-3c.

**.13** The Office of Management and Budget (OMB) Number must be printed on substitute Forms W-3c and W-2c (Copy A) (on each ply) in the same location as on the official IRS forms.

**.14** All substitute Forms W-3c must include the instructions that are printed on the same sheet below the official IRS form.

**.15** The appropriate SSA filing address information must be printed on the front of Form W-3c below the body of the form as shown below.

If you use the U.S. Postal Service, send this entire page with Copy A of Form W-2c to:

Social Security Administration
Direct Operations Center
P.O. Box 3333
Wilkes-Barre, PA 18767-3333

**Note:** If you use an IRS-approved private delivery service to file, replace "P.O. Box 3333" with "Attn: W-2c Process, 1150 E. Mountain Dr." in the address and change the ZIP code to "18702-7997." Go to *www.IRS.gov/PDS* for a list of IRS-approved private delivery services.

**.16** The back of substitute Form W-2c (Copy A) and Form W-3c must be free of all printing.

**.17** All copies must be clearly legible. Fading must be minimized to assure legibility.

**.18** Chemical transfer paper is permitted for Form W-2c (Copy A) only if the following standards are met:

- Only chemically backed paper is acceptable for Form W-2c (Copy A). Front and back chemically treated paper cannot be processed properly by scanning equipment.
- Chemically transferred images must be black.
- Carbon-coated forms are not permitted.

**.19** The Government Printing Office (GPO) symbol and the Catalog Number (Cat. No.) must be deleted from substitute Form W-2c (Copy A) and Form W-3c.

**.20** The sequence for assembling the copies of Form W-2c is as follows.

- Copy A—For Social Security Administration
- Copy 1—For State, City, or Local Tax Department
- Copy B—To Be Filed With Employee's FEDERAL Tax Return
- Copy C—For EMPLOYEE'S RECORDS
- Copy 2—To Be Filed With Employee's State, City, or Local Income Tax Return
- Copy D—For Employer

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**Section 1.5 – Specifications for Substitute Black-and-White Forms W-2c (Copy A) and W-3c Filed With the SSA**

**.01** The SSA-approved substitute black-and-white Forms W-2c (Copy A) and W-3c are referred to as substitute black-and-white Form W-2c (Copy A) and W-3c. Specifications for the substitute black-and-white Form W-2c (Copy A) and W-3c are similar to the red-ink forms (*Section 1.4*) except for the items that follow (see Exhibits C and D). You may contact the SSA via email at *copy.a.forms@ssa.gov* for more information.

**Note.** Exhibits are samples only and may not show the required typeface and/or font. Exhibits must not be downloaded to meet tax obligations.

1. Forms must be printed on 8.5 x 11-inch single-sheet paper only, not on continuous pin-fed paper. There must be one Form W-2c (Copy A) or W-3c printed on a page.

2. All forms and data must be printed in nonreflective black ink only.

3. The data and forms must be programmed to print simultaneously. Forms cannot be produced separately from wage data entries.

4. The forms must not contain corner register marks.

5. The forms must not contain any shaded areas including those boxes that are entirely shaded on the red-ink forms.

6. Identifying numbers on both Form W-2c ("44444") and Form W-3c ("55555") must be preprinted in 14-point Arial bold font or a close approximation.

7. The form numbers ("W-2c" and "W-3c") must be in 18-point Arial font or a close approximation.

8. No part of the box titles or the data printed on the forms may touch any of the vertical or horizontal lines, nor should any of the data intermingle with the box titles. The data should be centered in the boxes.

9. Do not print any information in the margins of the black-and-white forms (for example, do not print "DO NOT CUT, FOLD, OR STAPLE" in the top margin of Form W-3c).

10. The word "Code" must not appear in box 12 on Form W-2c (Copy A).

11. A 4-digit vendor code (not filer code) preceded by four zeros and a slash (for example, 0000/9876) must appear in 12-point Arial font, or a close approximation, in place of the Cat. No. to the left of "Department of the Treasury" on Form W-2c (Copy A) and in the bottom right corner of Form W-3c.

    **Note.** Do not display the form producer's EIN. The vendor code will be used to identify the form producer.

12. Do not print Catalog Numbers (Cat. No.) on either Form W-2c (Copy A) or Form W-3c.

13. Do not print dollar signs. If there are no money amounts being reported, the entire field should be left blank.

**Note.** Although substitute Copy 1 of Form W-2c can be printed in black instead of the red dropout ink, it should conform as closely as possible to Copy A of the official IRS form in content, format, and layout in order to satisfy state and local reporting requirements.

**.02** The dimensions for the substitute black-and-white Forms W-2c (Copy A) and W-3c are as follows. See Exhibits C and D.

1. The top, left, and right margins on Form W-2c (Copy A) and Form W-3c must measure 1/2 (0.50) inch.

2. The distance from the top line of Form W-3c to the bottom line of the form must measure 7 and 3/16 (7.19) inches.

3. The distance from the top line of Form W-2c (Copy A) to the bottom line of the form must measure 9 and 1/3 (9.33) inches.

4. Each box on Form W-2c (Copy A) and Form W-3c must measure 1/3 (0.33) inch in height except as otherwise established.

5. Box b on Form W-3c must measure one (1.00) inch in height.

6. Box a on Form W-2c (Copy A) must measure 1 and 1/3 (1.33) inches in height and box 14 must measure 5/6 (0.83) inch in height.

7. The first three columns on the right of Form W-2c (Copy A) and Form W-3c must measure 1 and 9/10 (1.90) inches in width.

8. The last column on the right of Form W-2c (Copy A) and Form W-3c must measure 1 and 8/10 (1.80) inches in width.

9. The "Explain decreases here" box must measure 1/3 (0.33) inch and the "Signature" box on Form W-3c must measure 1/2 (0.50) inch in height.

**.03** You must submit samples of your black-and-white substitute Forms W-2c (Copy A) and W-3c to the SSA. Only black-and-white substitute Forms W-2c (Copy A) and W-3c will be accepted for approval by the SSA. All checkboxes on the dummy-data substitute black-and-white Form W-3c must be electronically checked in box c (Kind of Payer, Kind of Employer, and Third-party sick pay). Questions regarding other forms (that is, red-ink Forms W-2, W-2c, W-3, W-3c, 1099 series, 1096, etc.) must be directed to the IRS. Also, see IRS Publications 1141 and 1179.

**.04** You will be required to send one set of blank and one set of dummy-data substitute black-and-white Form W-2c (Copy A) and W-3c for approval. Sample data entries should be filled in to the maximum length for each box entry, preferably using numeric data or alpha data, depending upon the type required to be entered. Include in your submission the name, telephone number, fax number, and email address of a contact person who can answer questions regarding your sample forms.

**.05** To receive approval, you may first contact the SSA at *copy.a.forms@ssa.gov* to obtain a template and further instructions. You can either submit your sample substitute black-and-white Forms W-2c (Copy A) and Forms W-3c in a PDF version electronically for approval to the *copy.a.forms@ssa.gov* mailbox or send your paper sample substitute black-and-white Forms W-2c (Copy A) and Forms W-3c to:

Social Security Administration
Direct Operations Center
**Attn: Substitute Black-and-White Copy A Forms, Room 341**
1150 E. Mountain Drive
Wilkes-Barre, PA 18702-7997

Send your sample forms via private mail carrier or certified mail in order to verify their receipt. You can expect approval (or disapproval) by the SSA within 30 days of receipt of your sample forms.

Do not mail **completed** Forms W-2c (Copy A) and W-3c to the Substitute Black-and-White Forms (Copy A) address. Submitters should use the address shown on the Form W-3c.

**.06** Vendor codes from the *National Association of Computerized Tax Processors (NACTP)* are required by those companies producing the W-2 family of forms as part of a product for resale to be used by multiple employers and payroll professionals. Employers developing Forms W-2c or W-3c to be used only for their individual company **require a vendor code issued by the SSA**.

**.07** The 4-digit vendor code preceded by four zeros and a slash (0000/9876) must be preprinted on the sample black-and-white substitute Forms W-2c and W-3c. Forms not containing a vendor code will be rejected and will not be submitted for testing or approval. If you have a valid vendor code provided to you through the NACTP, you should use that code. If you do not have a valid vendor code, contact the SSA at *copy.a.forms@ssa.gov* to obtain an SSA-issued code. (Additional information on vendor codes may be obtained from the SSA or the NACTP via email at *president@nactp.org*.)

**.08 If you use forms produced by a vendor and have questions concerning approval**, do not send the forms to the SSA for approval. Instead, you may contact the software vendor to obtain a copy of SSA's dated approval notice supplied to that vendor.

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**Section 1.6 – Requirements for Substitute Privately Printed Forms W-2c (Copies B, C, and 2) Furnished to Employees**

**Note. Rules in Section 1.6 apply only to employee copies of Form W-2c (Copies B, C, and 2).** Printers are cautioned that the paper filers who send Forms W-2c (Copy A) to the SSA must follow the requirements in *Sections 1.4* and/or *1.5* above.

**.01** All employers (including those who file electronically) must furnish employees with at least two copies of Form W-2c (three or more for employees required to file a state, city, or local income tax return). Employee copies do not require approval as long as these requirements are followed.

**.02** Chemical transfer paper for employee copies must be clearly legible, have the capability to be photocopied, and not fade to such a degree as to preclude legibility and the ability to photocopy.

**.03** The paper for all copies must be white and printed in black ink. The substitute Copy B (or its equal), which employees are instructed to attach to their federal income tax returns, as well as all other copies furnished to employees, should be at least 9-pound paper (basis 17 x 22-500). See *Section 1.4.02*.

**.04** Type must be substantially identical in size and shape to that on the official form.

**.05** Substitute forms for employees need to contain only the payment boxes and captions that are applicable. These boxes, box numbers, and box titles must, when applicable, match the IRS-printed form. In all cases, the employee name, address, and SSN, as well as the employer name, address, and EIN, must be present. The identifying number "44444" and "For Official Use Only" text on the IRS-printed Form W-2c employee copies (Copies B, C, and 2) are not required to be included on employee copies of substitute Forms W-2c.

**.06** The dimensions of the boxes on these copies (Copies B, C, and 2), but not Copy A, may be adjusted to allow space for conveying additional information. This may permit the employer to eliminate other statements or notices that would otherwise be furnished to employees.

**.07** The maximum allowable dimensions for employee copies of Form W-2c are no more than 11.00 inches deep by 8.50 inches wide. The minimum allowable dimensions for employee copies of Form W-2c are 2.67 inches deep by 4.25 inches wide.

**Note.** These maximum and minimum size specifications are subject to future change.

**.08** Either horizontal or vertical format is permitted for substitute employee copies of Forms W-2c. That is, the width of the form may be either greater or less than the depth of the form.

**.09** All copies of Form W-2c must clearly and prominently display the form number and the form title together in one area of the form. It is recommended (but not required) that this be located on the bottom left of Form W-2c. The reference to the "Department of the Treasury – Internal Revenue Service" must be on all copies of Form W-2c. It is recommended (but not required) that this be located on the bottom right of Form W-2c.

**.10** If the substitute Forms W-2c are not labeled as to the disposition of the copies, then written notification must be provided to each employee as specified below.

- The first copy of Form W-2c (Copy B) is filed with the employee's federal tax return.
- The second copy of Form W-2c (Copy C) is for the employee's records.
- If applicable, the third copy (Copy 2) of Form W-2c is filed with the employee's state, city, or local income tax return.

If the substitute Forms W-2c are labeled, the forms must contain the applicable description as stated on the official form.

**.11** Instructions similar to those on the back of Form W-2c (Copy C) of the official form must be provided to each employee.

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**Section 1.7 – Instructions for Employers**

**.01** Privately printed substitute Forms W-2c are not required to contain a copy to be retained by employers (Copy D). However, employers must retain copies of the Forms W-2c (Copy A) filed with the SSA or have the ability to reconstruct the data for at least 4 years. Employers must be able to generate a facsimile of Form W-2c (Copy A), in case of loss.

**.02** If Copy D is provided for the employer, instructions contained on the back of Copy D of the official form must appear on the back of the substitute form. If Copy D is not provided, these instructions must be furnished to the employer on a separate statement.

**.03** Only originals or compliant substitute copies of Forms W-2c (Copy A) and Forms W-3c may be filed with the SSA. Carbon copies and photocopies are unacceptable.

**.04** Employers should type or machine-print entries on plain paper forms whenever possible and provide good quality data entries by using a high quality type face, inserting data in the middle of blocks that are well separated from other printing and guidelines, and taking any other measures that will guarantee clear, sharp images.

**.05** Because employers must file a machine-scannable Form W-2c, they should meet the following requirements.

- Use 12-point Courier font or a close approximation for data entries.
- Proportional-spaced fonts are unacceptable.
- Do not print any data in the top margin of the forms.

**.06** The employer must also provide employee copies of Forms W-2c (Copies B, C, and 2) that are legible and able to be photocopied (by the employee).

**.07** When Forms W-2c or W-3c are typed, black ink must be used with no script type, inverted font, italics, or dual-case alpha characters.

**.08** Forms W-2c (Copy A) require decimal entries for wage data. Do not print dollar signs with money amounts on Forms W-2c (Copy A) and Form W-3c.

**.09** The filer's employer identification number (EIN) must be entered in box (b) of Form W-2c and box (e) of Form W-3c.

**.10** The employer's name, address, EIN, and state ID number may be preprinted.

**.11** Employers must not truncate the employee's SSN on Copy A of Forms W-2c. See the General Instructions for Forms W-2 and W-3 for more information.

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**Section 1.8 – OMB Requirements for Both Red-Ink and Black-and-White Substitute Forms W-2c and W-3c**

**.01** The Paperwork Reduction Act (the Act) of 1995 (Public Law 104-13) requires the following.

- The Office of Management and Budget (OMB) approves all IRS tax forms that are subject to the Act.
- Each IRS form contains (in or near the upper right corner) the OMB approval number, if assigned—the official OMB numbers may be found on the official IRS printed forms and are also shown on the forms in the exhibits.
- Each IRS form (or its instructions) states:

1. Why the IRS needs the information,
2. How it will be used, and
3. Whether or not the information is required to be furnished to the IRS.

**.02** This information must be provided to any users of official or substitute IRS forms or instructions.

**.03** The OMB requirements for substitute IRS Form W-2c and Form W-3c are the following.

- Any substitute form or substitute statement to a recipient must show the OMB number as it appears on the official IRS form.

- The OMB number for both Form W-2c (Copy A) and Form W-3c is 1545-0029 and must appear exactly as shown on the official IRS form.
- For any copy of Form W-2c, other than Copy A, the OMB number must use one of the following formats.

1. OMB No. 1545-xxxx (preferred) or
2. OMB # 1545-xxxx (acceptable).

**.04** Any substitute Form W-3c and Form W-2c (Copy A only) must state "For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions." If no instructions are provided to users of your forms, you must furnish them with the exact text of the Privacy Act and Paperwork Reduction Act Notice in the General Instructions for Forms W-2 and W-3.

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**Section 1.9 – Order Forms and Instructions**

**.01** You can order official IRS Forms W-2c, Forms W-3c, and the General Instructions for Forms W-2 and W-3 (Including Forms W-2AS, W-2CM, W-2GU, W-2VI, W-3SS, W-2c, and W-3c) online at *IRS.gov/OrderForms*.

Only contact the IRS, not the SSA, for forms.

**.02** Copies of Form W-2c (Copy A) and Form W-3c downloaded from IRS.gov cannot be used for filing with the SSA. These copies of Forms W-2c and W-3c are for information purposes only.

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**Section 1.10 – Effect on Other Documents**

**.01** Revenue Procedure 2023-39, 2023-52 I.R.B. dated December 26, 2023 (reprinted as Publication 1223, Revised 12-2023), is superseded.

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**Section 1.11 – Exhibits**

Exhibits A through D provide the general measurements for Forms W-2c and W-3c as discussed in this revenue procedure. Exhibits are samples only and may not show the required typeface and/or font. Exhibits must not be downloaded to meet tax obligations. Certain exhibits show a 0000/ in the location designated for your vendor code. See *Section 1.5.01*, item *11*, and *Section 1.5.06* for more information.

Exhibit A — Form W-2c (Copy A) (Red-Ink) 06-2024

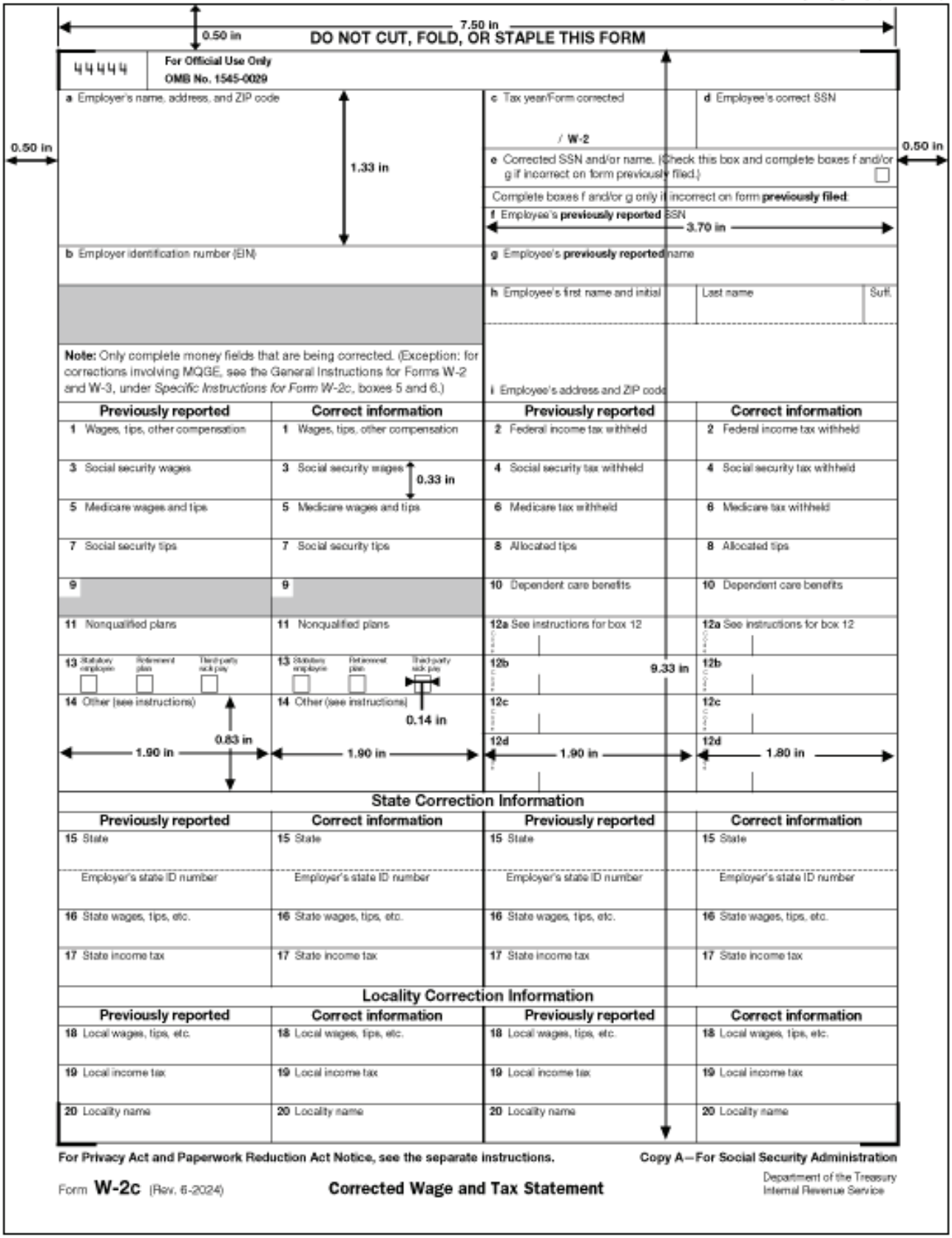
Exhibit B — Form W-3c (Red-Ink) 06-2024

Exhibit C — Form W-2c (Copy A) (Substitute Laser/ Black-and-White) 06-2024

Exhibit D — Form W-3c (Substitute Laser/Black-and-White) 06-2024

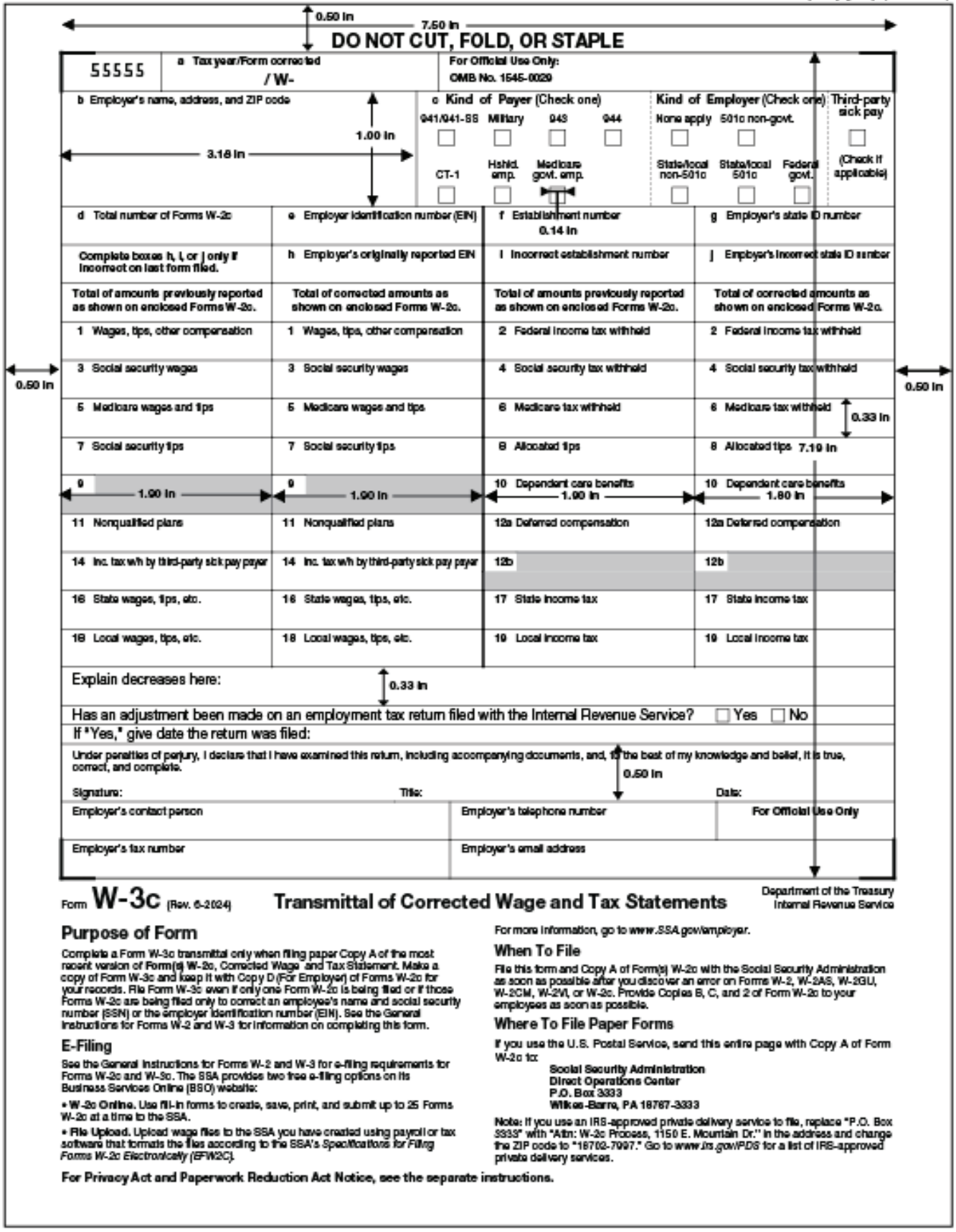
# Exhibit A

## Form W-2c (Copy A) (Red Ink)



# Exhibit B

**Form W-3c (Copy A) (Red Ink)**




Form **W-3c** (Rev. 6-2024) **Transmittal of Corrected Wage and Tax Statements** Department of the Treasury Internal Revenue Service

## Purpose of Form

Complete a Form W-3c transmittal only when filing paper Copy A of the most recent version of Form(s) W-2c, Corrected Wage and Tax Statement. Make a copy of Form W-3c and keep it with Copy D (For Employer) of Forms W-2c for your records. File Form W-3c even if only one Form W-2c is being filed or if those Forms W-2c are being filed only to correct an employee's name and social security number (SSN) or the employer identification number (EIN). See the General Instructions for Forms W-2 and W-3 for information on completing this form.

## E-Filing

See the General Instructions for Forms W-2 and W-3 for e-filing requirements for Forms W-2c and W-3c. The SSA provides two free e-filing options on its Business Services Online (BSO) website:

- **W-2c Online.** Use fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2c Electronically (EFW2C)*.

For more information, go to *www.SSA.gov/employer*.

## When To File

File this form and Copy A of Form(s) W-2c with the Social Security Administration as soon as possible after you discover an error on Forms W-2, W-2AS, W-2GU, W-2GM, W-2VI, or W-2c. Provide Copies B, C, and 2 of Form W-2c to your employees as soon as possible.

## Where To File Paper Forms

If you use the U.S. Postal Service, send this entire page with Copy A of Form W-2c to:

**Social Security Administration**
**Direct Operations Center**
**P.O. Box 3333**
**Wilkes-Barre, PA 18767-3333**

Note: If you use an IRS-approved private delivery service to file, replace "P.O. Box 3333" with "Attn: W-2c Process, 1150 E. Mountain Dr." In the address and change the ZIP code to "18702-7997." Go to *www.irs.gov/PDS* for a list of IRS-approved private delivery services.

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.**

# Exhibit C

**Form W-2c (Copy A)** (Substitute Black-and-White)

| 44444 | **For Official Use Only**<br>**OMB No. 1545-0029** |
|---|---|

| | | |
|---|---|---|
| **a** Employer's name, address, and ZIP code | **c** Tax year/Form corrected<br>/ **W-2** | **d** Employee's correct SSN |
| | **e** Corrected SSN and/or name. (Check this box and complete boxes f and/or g if incorrect on form previously filed.) ☐ | |
| | Complete boxes f and/or g only if incorrect on form **previously filed**: | |
| | **f** Employee's **previously reported** SSN | |
| **b** Employer identification number (EIN) | **g** Employee's **previously reported** name | |
| | **h** Employee's first name and initial / Last name / Suff. | |
| **Note:** Only complete money fields that are being corrected. (Exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under *Specific Instructions for Form W-2c*, boxes 5 and 6.) | **i** Employee's address and ZIP code | |

| Previously reported | Correct information | Previously reported | Correct information |
|---|---|---|---|
| 1 Wages, tips, other compensation | 1 Wages, tips, other compensation | 2 Federal income tax withheld | 2 Federal income tax withheld |
| 3 Social security wages | 3 Social security wages | 4 Social security tax withheld | 4 Social security tax withheld |
| 5 Medicare wages and tips | 5 Medicare wages and tips | 6 Medicare tax withheld | 6 Medicare tax withheld |
| 7 Social security tips | 7 Social security tips | 8 Allocated tips | 8 Allocated tips |
| 9 | 9 | 10 Dependent care benefits | 10 Dependent care benefits |
| 11 Nonqualified plans | 11 Nonqualified plans | 12a See instructions for box 12 | 12a See instructions for box 12 |
| 13 Statutory employee / Retirement plan / Third-party sick pay<br>0.36 in / 0.44 in / 0.48 in | 13 Statutory employee / Retirement plan / Third-party sick pay | 12b | 12b |
| 14 Other (see instructions) | 14 Other (see instructions) | 12c | 12c |
| | | 12d | 12d |

**State Correction Information**

| Previously reported | Correct information | Previously reported | Correct information |
|---|---|---|---|
| 15 State | 15 State | 15 State | 15 State |
| Employer's state ID number | Employer's state ID number | Employer's state ID number | Employer's state ID number |
| 16 State wages, tips, etc. | 16 State wages, tips, etc. | 16 State wages, tips, etc. | 16 State wages, tips, etc. |
| 17 State income tax | 17 State income tax | 17 State income tax | 17 State income tax |

**Locality Correction Information**

| Previously reported | Correct information | Previously reported | Correct information |
|---|---|---|---|
| 18 Local wages, tips, etc. | 18 Local wages, tips, etc. | 18 Local wages, tips, etc. | 18 Local wages, tips, etc. |
| 19 Local income tax | 19 Local income tax | 19 Local income tax | 19 Local income tax |
| 20 Locality name | 20 Locality name | 20 Locality name | 20 Locality name |

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.** **Copy A—For Social Security Administration**

Form **W-2c** (Rev. 6-2024) **Corrected Wage and Tax Statement** 0000/ Department of the Treasury Internal Revenue Service

# Exhibit D

**Form W-3c (Copy A)** (Substitute Black-and-White)

| 55555 | a Tax year/Form corrected / W- | For Official Use Only: OMB No. 1545-0029 |
|---|---|---|

b Employer's name, address, and ZIP code

c Kind of Payer (Check one): 941/941-SS (0.20 in) ☐ | Military (0.36 in) ☐ | 943 (0.36 in) ☐ | 944 (0.28 in) ☐ | CT-1 ☐ | Hshld. emp. ☐ | Medicare govt. emp. ☐

Kind of Employer (Check one): None apply ☐ | 501c non-govt. (0.65 in) ☐ | State/local non-501c (0.20 in) ☐ | State/local 501c (0.46 in) ☐ | Federal govt. (0.36 in) ☐

Third-party sick pay ☐ (Check if applicable)

| d Total number of Forms W-2c | e Employer identification number (EIN) | f Establishment number | g Employer's state ID number |
|---|---|---|---|
| Complete boxes h, i, or j only if incorrect on last form filed. | h Employer's originally reported EIN | i Incorrect establishment number | j Employer's incorrect state ID number |
| Total of amounts previously reported as shown on enclosed Forms W-2c. | Total of corrected amounts as shown on enclosed Forms W-2c. | Total of amounts previously reported as shown on enclosed Forms W-2c. | Total of corrected amounts as shown on enclosed Forms W-2c. |
| 1 Wages, tips, other compensation | 1 Wages, tips, other compensation | 2 Federal income tax withheld | 2 Federal income tax withheld |
| 3 Social security wages | 3 Social security wages | 4 Social security tax withheld | 4 Social security tax withheld |
| 5 Medicare wages and tips | 5 Medicare wages and tips | 6 Medicare tax withheld | 6 Medicare tax withheld |
| 7 Social security tips | 7 Social security tips | 8 Allocated tips | 8 Allocated tips |
| 9 | 9 | 10 Dependent care benefits | 10 Dependent care benefits |
| 11 Nonqualified plans | 11 Nonqualified plans | 12a Deferred compensation | 12a Deferred compensation |
| 14 Inc. tax wh by third-party sick pay payer | 14 Inc. tax wh by third-party sick pay payer | 12b | 12b |
| 16 State wages, tips, etc. | 16 State wages, tips, etc. | 17 State income tax | 17 State income tax |
| 18 Local wages, tips, etc. | 18 Local wages, tips, etc. | 19 Local income tax | 19 Local income tax |

Explain decreases here:

Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? ☐ Yes ☐ No

If "Yes," give date the return was filed:

Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature: Title: Date:

Employer's contact person | Employer's telephone number (For Official Use Only 0.33 in) | Employer's tax number | Employer's email address (4.00 in)

Form **W-3c** (Rev. 6-2024) **Transmittal of Corrected Wage and Tax Statements** Department of the Treasury Internal Revenue Service

## Purpose of Form

Complete a Form W-3c transmittal only when filing paper Copy A of the most recent version of Form(s) W-2c, Corrected Wage and Tax Statement. Make a copy of Form W-3c and keep it with Copy D (For Employer) of Forms W-2c for your records. File Form W-3c even if only one Form W-2c is being filed or if those Forms W-2c are being filed only to correct an employee's name and social security number (SSN) or the employer identification number (EIN). See the General Instructions for Forms W-2 and W-3 for information on completing this form.

## E-Filing

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- **W-2c Online.** Use fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2c Electronically (EFW2C)*.

For more information, go to *www.SSA.gov/employer*.

## When To File

File this form and Copy A of Form(s) W-2c with the Social Security Administration as soon as possible after you discover an error on Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI, or W-2c. Provide Copies B, C, and 2 of Form W-2c to your employees as soon as possible.

## Where To File Paper Forms

If you use the U.S. Postal Service, send this entire page with Copy A of Form W-2c to:

**Social Security Administration**
**Direct Operations Center**
**P.O. Box 3333**
**Wilkes-Barre, PA 18767-3333**

**Note:** If you use an IRS-approved private delivery service to file, replace "P.O. Box 3333" with "Attn: W-2c Process, 1150 E. Mountain Dr." in the address and change the ZIP code to "18702-7997." Go to *www.irs.gov/PDS* for a list of IRS-approved private delivery services.

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.** 0000/

*26 CFR 601.601: Rules and regulations.*
*(Also Part 1, §§103, 148; 1.148-3, 1.148-5, 1.148-7, 1.148-10, 1.148-11, 1.148-13T.)*

# Rev. Proc. 2024-37

## SECTION 1. PURPOSE

This revenue procedure provides guidance to issuers of tax-exempt and other tax-advantaged bonds (as defined in § 1.150-1(b) of the Income Tax Regulations[1]) regarding the procedures for filing claims for recovery of overpayments (as defined in § 1.148-3(i)(1)) of amounts paid to the United States with respect to the rebate requirement under § 148(f) for excess investment earnings, the penalty in lieu of rebate provisions under § 148(f)(4)(C)(vii) and (viii), or the yield reduction payment provisions under § 1.148-5(c). This revenue procedure modifies and supersedes Rev. Proc. 2008-37, 2008-2 (Vol.1) C.B. 137, as modified by Rev. Proc. 2017-50, 2017-37 I.R.B. 234, and supersedes Rev. Proc. 2017-50.

## SECTION 2. BACKGROUND

.01 Under § 103(b)(2), the exclusion from gross income of interest on any State or local bond under § 103(a) does not apply to interest on an arbitrage bond within the meaning of § 148.

.02 The requirements of § 148 apply to tax-exempt bonds and, generally, to other tax-advantaged bonds.

.03 Section 148(f)(1) generally provides that a bond that is part of an issue is treated as an arbitrage bond, unless the issuer pays to the United States any rebate amounts described in § 148(f)(2) (rebate) for the issue in accordance with § 148(f)(3).

.04 Section 148(f)(3) provides, in part, that, except to the extent provided by the Secretary of the Treasury or her delegate, rebate must be paid in installments that are made at least once every five years. The last installment must be made no later than 60 days after the date on which the last bond of the issue is redeemed.

.05 Section 148(f)(4)(C)(vii) and (viii) permit issuers of construction issues (as defined in § 148(f)(4)(C)(iv)) to elect to pay a penalty in lieu of rebate in the manner and amount described in § 148(f)(4)(C)(vii) and (viii).

.06 Section 1.148-5(c)(1) permits issuers to pay yield reduction payments to the United States that may be taken into account in determining the yield on an investment for purposes of § 148 in the circumstances and manner described in § 1.148-5(c).

.07 Section 1.148-3(i)(1) provides that, in general, an issuer may recover an overpayment of rebate by establishing to the satisfaction of the Commissioner of Internal Revenue or his delegate (Commissioner) that the overpayment occurred. An overpayment is the excess of the amount paid to the United States for an issue over the sum of the "rebate amount" (as defined in §§ 1.148-1(b) and 1.148-3(b)) as of the most recent "computation date" (as defined in § 1.148-3(e)) and all amounts that are otherwise required to be paid under § 148 as of the date the recovery is requested. Under § 1.148-3(e)(2), the final computation date generally is the date that an issue is discharged.

.08 In general, overpayments of the penalty in lieu of rebate and yield reduction payments are treated in the same manner as overpayments of rebate. *See generally,* §§ 1.148-3(i)(1), 1.148-3(i)(2)(ii), 1.148-5(c)(1) and (2), and 1.148-7(k)(3) and (m).

.09 Section 1.148-3(i)(3)(i) provides that an issuer must request a refund of an overpayment (claim) no later than the date that is two years after the final computation date for the issue to which the overpayment relates (filing deadline). The claim must be made using the form provided by the Commissioner for this purpose.

.10 Section 1.148-3(i)(3)(ii) provides that the Commissioner may request additional information to support a claim. The issuer must file the additional information by the date specified in the Commissioner's request, which date may be extended by the Commissioner if unusual circumstances warrant. An issuer will be given at least 21 calendar days to respond to a request for additional information.

.11 Section 1.148-3(i)(3)(iii) provides that a claim described in either § 1.148-3(i)(3)(iii)(A) or (B) that has been denied by the Commissioner may be appealed to the Independent Office of Appeals (Appeals). A claim is described in § 1.148-3(i)(3)(iii)(A) if the Commissioner asserts that the claim was filed after the filing deadline. A claim is described in § 1.148-3(i)(3)(iii)(B) if the Commissioner asserts that additional information to support the claim was not submitted within the time specified in the request for information or in any extension of such specified time period. The procedures for an issuer of tax-advantaged bonds to request an administrative appeal to Appeals are provided in Rev. Proc. 2021-10, 2021-4 I.R.B. 503. When an appeal of a claim described in either § 1.148-3(i)(3)(iii)(A) or (B) is determined in favor of the issuer, Appeals must return the case to the office that is responsible for examinations of tax-advantaged bonds (presently the Office of Tax Exempt Bonds) for further consideration of the substance of the claim.

.12 Section 1.148-11(k)(3)(i) provides that § 1.148-3(i)(3)(i) applies to claims for recovery of overpayments arising from an issue of bonds to which § 1.148-3(i) applies and for which the final computation date is after June 24, 2008. For purposes of § 1.148-3(k)(3)(i), issues for which the actual final computation date is on or before June 24, 2008, are deemed to have a final computation date of July 1, 2008, for purposes of applying § 1.148-3(i)(3)(i).

.13 Section 1.148-11(k)(3)(ii) provides that § 1.148-3(i)(3)(ii) and (iii) apply to claims arising from an issue of bonds to which § 1.148-3(i) applies and for which the final computation date is after September 16, 2013.

.14 Section 1.148-13T of the Temporary Income Tax Regulations (1992 regulations), which was published in the *Federal Register* on May 18, 1992 (T.D. 8418, 1992-1 C.B. 29 [57 F.R. 20971]), provides rules for recovering an overpayment of rebate or penalty in lieu of rebate with respect to certain bonds issued before July 1, 1993. Under § 1.148-13T(a) and (c)(1) of the 1992 regulations, an issuer

[1] Unless otherwise specified, all "section" or "§" references are to sections of the Internal Revenue Code or the Income Tax Regulations (26 CFR part 1).

may recover an overpayment of rebate or penalty in lieu of rebate to the extent that recovery on the date requested would not result in an additional rebate amount as of the date requested if the issuer proves to the satisfaction of the Commissioner that the overpayment occurred and was paid because of a mistake.

.15 Rev. Proc. 2008-37 sets forth procedures for filing claims for the refund of overpayments of rebate, penalty in lieu of rebate, or yield reduction payments. Rev. Proc. 2008-37 imposes the same deadline for filing such claims as the filing deadline in § 1.148-3(i)(3)(i). Section 1.148-10(g) provides authority to the Commissioner to waive regulatory limitations under certain circumstances. Specifically, § 1.148-10(g) provides that, notwithstanding any specific provision in §§ 1.148-1 through 1.148-11, the Commissioner may prescribe extensions of temporary periods, larger reasonably required reserve or replacement funds, or consequences of failures or remedial action under § 148 in lieu of or in addition to other consequences of those failures, or take other action, if the Commissioner finds that good faith or other similar circumstances so warrant, consistent with the purposes of § 148. In the interest of sound tax administration and in reliance on the authority provided under § 1.148-10(g), Rev. Proc. 2017-50 extends the time for filing claims to recover overpayments under § 148 to ensure that issuers have a reasonable opportunity to recover overpayments made both before and after the final computation date. Rev. Proc. 2017-50 adds 60 days to the existing two-year deadline under § 1.148-3(i)(3)(i) and provides a new two-year deadline with respect to the payments made after the date that is 60 days after the final computation date.

## SECTION 3. SCOPE

This revenue procedure applies to claims submitted pursuant to § 1.148-3(i) of any overpayment of an amount paid by an issuer of tax-exempt and other tax-advantaged bonds to the United States to meet the requirements of § 148, including a payment of rebate, a payment of a penalty in lieu of rebate, and a yield reduction payment. Claims that are made under the 1992 regulations will be treated in the same manner as claims made under § 1.148-3(i).

## SECTION 4. PROCEDURE FOR CLAIMS FOR RECOVERY OF OVERPAYMENT OF REBATE, PENALTY IN LIEU OF REBATE, AND YIELD REDUCTION PAYMENTS

.01 *Form 8038-R, Request for Recovery of Overpayments Under Arbitrage Rebate Provisions*. A claim must be made by completing and timely filing Form 8038-R, *Request for Recovery of Overpayments Under Arbitrage Rebate Provisions*, and any attachments thereto with the Internal Revenue Service in accordance with the Form 8038-R instructions (or the then-applicable form and instructions as may be announced by the Internal Revenue Service from time to time).

.02 *Timely filing of a claim*. An issuer must file a claim for refund of an overpayment with respect to an issue of bonds no later than two years after:

(1) the date that is 60 days after the final computation date of the issue to which the payment relates; or

(2) with respect to the portion of the overpayment paid more than 60 days after the final computation date, the date that the payment was made to the United States.

.03 *Processing claims*. The Commissioner may allow a claim, reject a claim under circumstances described in section 4.03(1) of this revenue procedure (Claim Rejection), or deny a claim in full or in part as described in section 4.03(2) of this revenue procedure (Claim Denial).

(1) *Claim Rejection*. The Commissioner may reject a claim based on an issuer's (i) failure to follow procedures or requirements for filing or supporting the claim, or (ii) submission of a claim that relies on substantive matters that were previously reviewed and resulted in a Claim Denial (without regard to whether the Claim Denial has become final or not), or a closing agreement. If a claim is rejected, the Commissioner will notify the issuer by letter explaining the reasons for the rejection.

(a) *Failure to meet the requirements for processing a claim*. If the issuer fails to follow procedures or requirements for filing or supporting a claim (as described in section 4.03(1)(i) of this revenue procedure), the Commissioner will notify the issuer by letter describing any requirements that have not been satisfied and will provide the issuer 45 calendar days from the date of the notification to satisfy the procedures and requirements for filing or supporting a claim before notifying the issuer by letter of the Claim Rejection (as described in section 4.03(1) of this revenue procedure).

(b) *Resubmission permitted after Claim Rejection*. After a Claim Rejection based on an issuer's failure to follow procedures or requirements for filing or supporting the claim, an issuer may resubmit the claim to address the basis for the rejection, provided that the resubmitted claim is filed by the filing deadline as described in section 4.02 of this revenue procedure.

(2) *Claim Denial*. The Commissioner will notify the issuer of a Claim Denial by letter explaining the reasons for the denial and informing the issuer of its right to request an appeal (*see* section 4.04 of this revenue procedure). If a Claim Denial becomes final under section 4.06 of Rev. Proc. 2021-10 (failure to make an appeals request) or because Appeals sustains the Claim Denial in full or in part, the issuer may not submit thereafter a claim for the arbitrage payment(s) with respect to claim(s) on which the Claim Denial became final and any such claim will be rejected under section 4.03(1) of this revenue procedure.

.04 *Appeals*. An issuer is entitled to appeal a Claim Denial to Appeals under the procedures set forth in Rev. Proc. 2021-10. When an appeal of a claim described in either § 1.148-3(i)(3)(iii)(A) or (B) is determined in favor of the issuer, Appeals must return the case to the office that is responsible for examinations of tax-advantaged bonds (presently the Office of Tax Exempt Bonds) for further consideration of the substance of the claim.

## SECTION 5. EFFECT ON OTHER DOCUMENTS

This revenue procedure modifies and supersedes Rev. Proc. 2008-37, as modified by Rev. Proc. 2017-50, and supersedes Rev. Proc. 2017-50 as of October 18, 2024.

## SECTION 6. EFFECTIVE DATE

This revenue procedure applies to claims filed on or after October 18, 2024. An issuer that files a claim prior to October 18, 2024, may apply this revenue procedure in whole (and not in part) by affirmatively stating in the claim that it is applying Rev. Proc. 2024-37.

## SECTION 7. PAPERWORK REDUCTION ACT

The collection of information contained in section 4 of this revenue procedure has been previously reviewed and approved by the Office of Management and Budget in accordance with the Paperwork Reduction Act (44 U.S.C. § 3507) under control number 1545-0047.

## SECTION 8. DRAFTING INFORMATION

The principal author of this revenue procedure is Brian Choi, Office of Associate Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, call Mr. Choi at 202-317-3154 (not a toll-free number).

# Part IV

## Announcement of Disciplinary Sanctions From the Office of Professional Responsibility

## Announcement 2024-34

The Office of Professional Responsibility (OPR) announces recent disciplinary sanctions involving attorneys, certified public accountants, enrolled agents, enrolled actuaries, enrolled retirement plan agents, appraisers, and unenrolled/unlicensed return preparers (individuals who are not enrolled to practice and are not licensed as attorneys or certified public accountants). Licensed or enrolled practitioners are subject to the regulations governing practice before the Internal Revenue Service (IRS), which are set out in Title 31, Code of Federal Regulations, Subtitle A, Part 10, and which are released as Treasury Department Circular No. 230. The regulations prescribe the duties and restrictions relating to such practice and prescribe the disciplinary sanctions for violating the regulations. Unenrolled/unlicensed return preparers are subject to Revenue Procedure 81-38 and superseding guidance in Revenue Procedure 2014-42, which govern a preparer's eligibility to represent taxpayers before the IRS in examinations of tax returns the preparer both prepared for the taxpayer **and** signed as the preparer. Additionally, unenrolled/unlicensed return preparers who voluntarily participate in the Annual Filing Season Program under Revenue Procedure 2014-42 agree to be subject to the duties and restrictions in Circular 230, including the restrictions on incompetent or disreputable conduct.

The disciplinary sanctions to be imposed for violation of the applicable standards are:

**Disbarred from practice before the IRS**—An individual who is disbarred is not eligible to practice before the IRS as defined at 31 C.F.R. § 10.2(a)(4) for a minimum period of five (5) years.

**Suspended from practice before the IRS**—An individual who is suspended is not eligible to practice before the IRS as defined at 31 C.F.R. § 10.2(a)(4) during the term of the suspension.

**Censured in practice before the IRS**—Censure is a public reprimand. Unlike disbarment or suspension, censure does not affect an individual's eligibility to practice before the IRS, but OPR may subject the individual's future practice rights to conditions designed to promote high standards of conduct.

**Monetary penalty**—A monetary penalty may be imposed on an individual who engages in conduct subject to sanction, or on an employer, firm, or entity if the individual was acting on its behalf and it knew, or reasonably should have known, of the individual's conduct.

**Disqualification of appraiser**—An appraiser who is disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS.

**Ineligible for limited practice**—An unenrolled/unlicensed return preparer who fails to comply with the requirements in Revenue Procedure 81-38 or to comply with Circular 230 as required by Revenue Procedure 2014-42 may be determined ineligible to engage in limited practice as a representative of any taxpayer.

Under the regulations, individuals subject to Circular 230 may not assist, or accept assistance from, individuals who are suspended or disbarred with respect to matters constituting practice (*i.e.*, representation) before the IRS, and they may not aid or abet suspended or disbarred individuals to practice before the IRS.

Disciplinary sanctions are described in these terms:

**Disbarred by decision, Suspended by decision, Censured by decision, Monetary penalty imposed by decision, and Disqualified after hearing**—An administrative law judge (ALJ) issued a decision imposing one of these sanctions after the ALJ either (1) granted the government's summary judgment motion or (2) conducted an evidentiary hearing upon OPR's complaint alleging violation of the regulations. After 30 days from the issuance of the decision, in the absence of an appeal, the ALJ's decision becomes the final agency decision.

**Disbarred by default decision, Suspended by default decision, Censured by default decision, Monetary penalty imposed by default decision, and Disqualified by default decision**—An ALJ, after finding that no answer to OPR's complaint was filed, granted OPR's motion for a default judgment and issued a decision imposing one of these sanctions.

**Disbarment by decision on appeal, Suspended by decision on appeal, Censured by decision on appeal, Monetary penalty imposed by decision on appeal, and Disqualified by decision on appeal**—The decision of the ALJ was appealed to the agency appeal authority, acting as the delegate of the Secretary of the Treasury, and the appeal authority issued a decision imposing one of these sanctions.

**Disbarred by consent, Suspended by consent, Censured by consent, Monetary penalty imposed by consent, and Disqualified by consent**—In lieu of a disciplinary proceeding being instituted or continued, an individual offered a consent to one of these sanctions and OPR accepted the offer. Typically, an offer of consent will provide for: suspension for an indefinite term; conditions that the individual must observe during the suspension; and the individual's opportunity, after a stated number of months, to file with OPR a petition for reinstatement affirming compliance with the terms of the consent and affirming current fitness and eligibility to practice (*i.e.*, an active professional license or active enrollment status, with no intervening violations of the regulations).

**Suspended indefinitely by decision in expedited proceeding, Suspended indefinitely by default decision in expedited proceeding, Suspended by consent in expedited proceeding**—OPR instituted an expedited proceeding for suspension (based on certain limited grounds, including loss of a professional license for cause, and criminal convictions).

**Determined ineligible for limited practice**---There has been a final determination that an unenrolled/unlicensed

return preparer is not eligible for limited representation of any taxpayer because the preparer violated standards of conduct or failed to comply with any of the requirements to act as a representative.

A practitioner who has been disbarred or suspended under 31 C.F.R. § 10.60, or suspended under § 10.82, or a disqualified appraiser may petition for reinstatement before the IRS after the expiration of 5 years following such disbarment, suspension, or disqualification (or immediately following the expiration of the suspension or disqualification period if shorter than 5 years). Reinstatement will not be granted unless the IRS is satisfied that the petitioner is not likely to engage thereafter in conduct contrary to Circular 230, and that granting such reinstatement would not be contrary to the public interest.

Reinstatement decisions are published at the individual's request, and described in these terms:

**Reinstated to practice before the IRS**---The individual's petition for reinstatement has been granted. The agent, and eligible to practice before the IRS, or in the case of an appraiser, the individual is no longer disqualified.

**Reinstated to engage in limited practice before the IRS**---The individual's petition for reinstatement has been granted. The individual is an unenrolled/unlicensed return preparer and eligible to engage in limited practice before the IRS, subject to requirements the IRS has prescribed for limited practice by tax return preparers.

OPR has authority to disclose the grounds for disciplinary sanctions in these situations: (1) an ALJ or the Secretary's delegate on appeal has issued a final decision; (2) the individual has settled a disciplinary case by signing OPR's "consent to sanction" agreement admitting to one or more violations of the regulations and consenting to the disclosure of the admitted violations (for example, failure to file Federal income tax returns, lack of due diligence, conflict of interest, etc.); (3) OPR has issued a decision in an expedited proceeding for indefinite suspension; or (4) OPR has made a final determination (including any decision on appeal) that an unenrolled/unlicensed return preparer is ineligible to represent any taxpayer before the IRS.

Announcements of disciplinary sanctions appear in the Internal Revenue Bulletin at the earliest practicable date. The sanctions announced below are alphabetized first by state and second by the last names of the sanctioned individuals.

| City & State | Name | Professional Designation | Disciplinary Sanction | Effective Date(s) |
|---|---|---|---|---|
| **California** | | | | |
| Carmichael | Detinne, Tiffany C. | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 28, 2024 |
| Chatsworth | Alvarez, Vicente | CPA | Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from April 29, 2024 |
| Granada Hills | Demirchyan, Grigor | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 8, 2024 |
| San Francisco | Robinson, Michael D. | CPA | Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from April 29, 2024 |
| Thousand Oaks | Beutel, Todd W. | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 8, 2024 |
| West Hills | Turk, Bernard | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 28, 2024 |
| **Florida** | | | | |
| Key West | Mills, Paul S. | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 8, 2024 |
| **Massachusetts** | | | | |
| Wellesley | Hughes, Paul S. | Attorney | Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from April 29, 2024 |

| City & State | Name | Professional Designation | Disciplinary Sanction | Effective Date(s) |
|---|---|---|---|---|
| **Michigan** | | | | |
| Ionia | McMahon, Brian P. | Attorney | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from April 3, 2024 |
| **Missouri** | | | | |
| Sullivan | Strauser, Justin L. | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 28, 2024 |
| **New Jersey** | | | | |
| Bridgewater | Damiano, Robert S. | CPA | | Reinstated to practice before the IRS, effective 04/29/2024 |
| Jersey City | Lisa, James R. | Attorney | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 8, 2024 |
| **Pennsylvania** | | | | |
| Shawnee on Delaware | Carney, Daniel J. | CPA | Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from April 2, 2024 |
| **Tennessee** | | | | |
| Brownsville | Brown, Jr., Richard T. | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 8, 2024 |
| **Texas** | | | | |
| Houston | Maadani, Pejman | Attorney | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 8, 2024 |
| Katy | Hammond III, Charles E. | Attorney | | Reinstated to practice before the IRS, effective 04/02/2024 |
| New Braunfels | Renken, David D. | CPA | Suspended by default decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from April 2, 2024 |
| **Virginia** | | | | |
| Ruckersville | Jones, Carol A. | CPA | Suspended by decision in expedited proceeding under 31 C.F.R. § 10.82(b) | Indefinite from May 15, 2024 |

# Notice of Proposed Rulemaking

# Section 30C Alternative Fuel Vehicle Refueling Property Credit

# REG-118269-23

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document contains proposed regulations regarding the Federal income tax credit under the Inflation Reduction Act of 2022 for certain costs relating to qualified alternative fuel vehicle refueling property that is placed in service within a low-income community or within a non-urban census tract. These proposed regulations would affect eligible taxpayers who place qualified property into service during a taxable year.

**DATES:** Written or electronic comments and requests for a public hearing must be received by November 18, 2024.

**ADDRESSES:** Commenters are strongly encouraged to submit public comments electronically via the Federal eRulemaking Portal at *https://www.regulations.gov* (indicate IRS and REG-118269-23) by following the online instructions for submitting comments. Requests for a public hearing must be submitted as prescribed in the "**Comments and Requests for a Public Hearing**" section. Once submitted to the Federal eRulemaking Portal, comments cannot be edited or withdrawn. The Department of the Treasury (Treasury Department) and the IRS will publish for public availability any comments submitted to the IRS's public docket. Send paper submissions to: CC:PA:01:PR (REG-118269-23), Room 5203, Internal Revenue Service, P.O. Box 7604, Ben Franklin Station, Washington, DC 20044.

**FOR FURTHER INFORMATION CONTACT:** Concerning the proposed regulations, the contact Kevin I. Babitz or Whitney E. Brady of Office of Associate Chief Counsel (Passthroughs & Special Industries) at (202) 317-6853 (not a toll-free number); concerning submissions of comments and requests for a public hearing, Publications and Regulations Section at (202) 317-6901 (not a toll-free number) or by email to *publichearings@irs.gov* (preferred).

**SUPPLEMENTARY INFORMATION:**

**Authority**

This document contains proposed amendments to the Income Tax Regulations (26 CFR part 1) under sections 30C, 48, 48E, 6417, and 6418 of the Internal Revenue Code (Code) issued by the Secretary of the Treasury or her delegate (Secretary) under the authority granted under sections 30C(e)(5), (g)(4), and (h), 45(b)(12), 48(a)(16), 48E(i), 6417(h), 6418(g) and (h), and 7805(a) of the Code (proposed regulations).

Section 30C includes three specific delegations of regulatory authority. First, 30C(h) provides a general grant of regulatory authority for section 30C as a whole, stating, "[t]he Secretary shall prescribe such regulations as necessary to carry out the provisions of this section." Second, section 30C(g)(4) provides a specific delegation of authority related to the prevailing wage and registered apprenticeship (PWA) requirements: "The Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection, including regulations or other guidance that provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection." Third, section 30C(e)(5) provides a specific delegation of authority by cross-reference to provide recapture rules similar to those under former section 179A (described in part III.A. of the Background section and part IV.A. of the Explanation of Provisions section) as authorized by former section 179A(e)(4).

Sections 45(b)(12) and 48(a)(16) provide specific delegations of authority with respect to the requirements of section 45(b), including the PWA requirements of section 45(b)(7) and (8) that sections 48(a)(10) and (11) and 48E(d)(3) and (4) refer to, each stating, "[t]he Secretary shall issue such regulations or other guidance as the Secretary determines necessary to carry out the purposes of this subsection, including regulations or other guidance which provides for requirements for recordkeeping or information reporting for purposes of administering the requirements of this subsection." Section 48E(i) provides a specific delegation of authority with respect to the requirements of section 48E, including the PWA requirements of section 48E(d)(3) and (4), stating, that "[n]ot later than January 1, 2025, the Secretary shall issue guidance regarding implementation of this section."

Sections 6417(h) and 6418(h) provide specific delegations of authority with respect to the elective payment election rules of section 6417 and the transfer of certain credits under section 6418, each stating, in part, that "[t]he Secretary shall issue such regulations or other guidance as may be necessary to carry out the purposes of this section..." Finally, section 7805(a) authorizes the Secretary to prescribe all needful rules and regulations for the enforcement of the Code.

**Background**

**I. Overview**

Section 30C of the Code allows a credit (section 30C credit) against the tax imposed by chapter 1 of the Code (chapter 1) with respect to each item of qualified alternative fuel vehicle refueling property that a taxpayer places in service. The section 30C credit is determined and allowed with respect to the taxable year in which the taxpayer places the item of property in service.

Section 30C was originally enacted by section 1342(a) of the Energy Policy Act of 2005, Public Law 109-58, 119 Stat. 594, 1049 (Aug. 8, 2005), to provide a credit for the cost of qualified alternative fuel vehicle refueling property. Section 30C has been amended several times since its enactment, most recently by section 13404 of Public Law 117-169, 136 Stat. 1818, 1966 (August 16, 2022), commonly known as the Inflation Reduction Act of 2022 (IRA). As amended by the IRA,

section 30C allows taxpayers to claim a credit for up to 30 percent of the cost of qualified alternative fuel vehicle refueling property placed in service after December 31, 2022, and on or before December 31, 2032.

The amount of the section 30C credit is treated as a personal credit or a general business credit depending on the character of the property that the taxpayer places in service. In general, the section 30C credit is a nonrefundable personal credit allowed under subpart B of part IV of subchapter A of chapter 1. However, the amount of the section 30C credit that is attributable to property that is of a character subject to an allowance for depreciation (depreciable property) is treated under section 30C(d)(1) as a current year business credit under section 38(b) of the Code instead of being allowed under section 30C(a).

**II. Credit Amount and Limitation**

For property placed in service after December 31, 2022, and on or before December 31, 2032, section 30C(a) provides a credit equal to 6 percent of the cost of any qualified alternative fuel vehicle refueling property that the taxpayer places in service during the year, if the property is depreciable property. However, for depreciable property that is placed in service as part of a qualified alternative fuel vehicle refueling project that satisfies the prevailing wage and apprenticeship requirements (discussed further in part V of this Background section), the amount of the section 30C credit is multiplied by five. For property that is not subject to depreciation, section 30C(a) allows a 30 percent credit for any property placed in service during the taxable year, with no requirement to satisfy any prevailing wage and apprenticeship requirements.

The section 30C credit with respect to any single item of qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year is limited to $100,000 in the case of depreciable property, and $1,000 in any other case. Before the IRA's amendments to section 30C became applicable, prior law limited the section 30C credit, on a per location basis, to $30,000 in the case of depreciable property and to $1,000 in the case of any other property. Section 13404 of the IRA modified the limitation on the section 30C credit so that it now applies with respect to any single item of qualified alternative fuel vehicle refueling property instead of with respect to all qualified alternative fuel vehicle refueling property at a location.

Under section 30C(e)(1), taxpayers who claim a section 30C credit are required to reduce the basis of any property for which the section 30C credit is allowable by the amount of the credit allowed (without regard to the rules of section 30C(d)). If a taxpayer elects not to claim the credit, then no section 30C credit is allowed, whether under section 30C(a) or section 38, and no basis reduction is required. *See* section 30C(e)(4).

No section 30C credit is allowable for the portion of the cost of any property taken into account under section 179. Section 30C(e)(3).

**III. Qualified Alternative Fuel Vehicle Refueling Property**

*A. In General*

Section 30C(c) defines "qualified alternative fuel vehicle refueling property" by reference to section 179A of the Code, with some modifications. (Section 30C(e)(6) clarifies that for purposes of section 30C, any references to "section 179A" are to section 179A as in effect immediately before its repeal by section 221(a)(34)(A) of the Tax Increase Prevention Act of 2014, enacted as Division A of Public Law 113–295, 128 Stat. 4010, 4042 (December 19, 2014), which is referred to as "former section 179A" in this preamble.) Following the definition in former section 179A, therefore, qualified alternative fuel vehicle refueling property generally includes any depreciable property (not including a building and its structural components), the original use of which begins with the taxpayer, and that is (1) for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle, or (2) for the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged. *See* former section 179A(d). Notwithstanding former section 179A's general requirement that the property be depreciable, section 30C allows a taxpayer to claim a credit for qualified alternative fuel vehicle refueling property that is not depreciable property, provided that the property is installed at the taxpayer's principal residence (within the meaning of section 121 of the Code). *See* section 30C(c)(1)(A) and former section 179A(d)(1).

For purposes of section 30C, "clean-burning fuels" includes only (1) any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquified natural gas, liquefied petroleum gas, or hydrogen; (2) any mixture that consists of two or more of the following: biodiesel (as defined in section 40A(d)(1) of the Code), diesel fuel (as defined in section 4083(a)(3) of the Code), or kerosene, and at least 20 percent of the volume of which consists of biodiesel determined without regard to any kerosene in such mixture; (3) electricity; or (4) any transportation fuel (as defined in section 45Z(d)(5) of the Code) that is produced after December 31, 2024.

Section 30C does not provide a general definition of "motor vehicle." However, former section 179A(e)(2) defined motor vehicle to mean any vehicle that is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or by rails) and that has at least four wheels. Further, section 30C(f) explicitly allows the credit for depreciable property to recharge two- and three-wheeled motor vehicles manufactured primarily for use on public streets, roads, or highways that are propelled by electricity. Section 30C(f)(1)(A) requires that the depreciable property "meets the requirements of subsection (a)(2)," but there is no subsection (a)(2) in the statute.

Section 30C(c)(2) provides that qualified alternative fuel vehicle refueling property does not exclude otherwise eligible property that both is capable of charging the battery of a motor vehicle propelled by electricity and also allows discharging electricity from such battery to an electric load external to the motor vehicle.

*B. Eligible Census Tracts*

Section 30C, as amended by the IRA, requires that property be placed in service in an eligible census tract in order to qualify for the credit. An eligible census tract is any population census tract that either is a low-income community under section 45D(e) of the Code or is not an urban area (non-urban area). *See* section 30C(c)(3)(B). The Census Bureau defines a "population census tract" as a small-area geographic division of a county or statistically equivalent entity defined for the tabulation and presentation of data from the decennial census and selected other statistical programs. Population census tracts are comprised of "census blocks," and a census block is the smallest geographic area for which the Census Bureau collects and tabulates decennial census data. The Census Bureau assigns to each population census tract, including census tracts in U.S. territories, a unique 11-digit census tract Geographic Identifier (GEOID). Each 11-digit census tract GEOID is comprised of a 2-digit state GEOID, 3-digit county GEOID, and 6-digit census tract GEOID.

**1. Low-income community census tracts**

Section 30C(c)(3)(B)(i)(I) includes as an eligible census tract any population census tract that is described in section 45D(e), which defines the term "low-income community" for purposes of the new markets tax credit (NMTC). As a general rule, section 45D(e)(1) defines a low-income community as any population census tract for which the poverty rate is at least 20 percent. The statute also provides more specific ways that a tract can constitute a low-income community. Section 45D(e)(1) provides that a tract not located within a metropolitan area constitutes a low-income community if the median family income for such tract does not exceed 80 percent of statewide median family income. Similarly, a tract located within a metropolitan area is a low-income community if the median family income for such tract does not exceed 80 percent of the greater of the statewide median family income or the metropolitan area's median family income. Section 45D(e)(2) provides that certain targeted populations (within the meaning of section 103(20) of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702(20)) may be treated as low-income communities. Section 45D(e)(3) describes the appropriate areas not within population census tracts that are used to determine poverty rates and median family income. Section 45D(e)(4) describes certain population census tracts with a population of less than 2,000 that are treated as a low-income community for purposes of the NMTC. Finally, section 45D(e)(5) describes population census tracts located within a high migration rural county.

Following the guidelines in section 45D(e), the Community Development Financial Institutions Fund (CDFI Fund) designates population census tracts as low-income communities for purposes of the NMTC. The CDFI Fund determines these population census tracts based in part on American Community Survey (ACS) 5-year estimates, which are published by the Census Bureau. The CDFI Fund updates its NMTC determination of "low-income community" census tracts approximately every five years based on the updated ACS 5-year estimates. The last update occurred on September 1, 2023, when the NMTC low-income community census tracts were updated to be based on the 2016-2020 ACS 5-year estimates (2016-2020 NMTC tracts), which use the 2020 delineation of census tract boundaries (2020 census tract boundaries). Prior to September 1, 2023, the NMTC low-income community census tracts were based on 2011-2015 ACS 5-year estimates (2011-2015 NMTC tracts), which use the 2015 delineation of census tract boundaries (2015 census tract boundaries). The next update is expected to occur in 2028.

When there is an update, the CDFI Fund provides a one-year transition period during which taxpayers may look to either of the 5-year census tracts. Therefore, between September 1, 2023, and August 31, 2024, taxpayers can look to either the 2011-2015 NMTC or the 2016-2020 NMTC tracts to determine which population census tracts are low-income communities for the NMTC (and, by extension for section 30C purposes). On or after September 1, 2024, taxpayers must look to the 2016-2020 NMTC tracts to determine which population census tracts are low-income communities for the NMTC.

**2. Non-urban area**

Pursuant to section 30C(c)(3)(B)(i)(II), an eligible census tract includes a non-urban area. Section 30C(c)(3)(B)(ii), defines "urban area" as a population census tract that has been designated as an urban area by the Secretary of Commerce in the most recent decennial census. However, as of the 2020 Census (that is, the most recent decennial census as of the publication of this document), the Census Bureau defines urban areas on the basis of census blocks and not on the basis of population census tracts. The Census Bureau determines urban areas based on how densely developed a territory is, and to what extent the territory encompasses residential, commercial, and other non-residential urban land uses. The Census Bureau delineates urban areas after each decennial census.

**3. Census tracts in U.S. territories.**

Section 30C(e)(3) provides generally that property used outside the United States does not qualify for the section 30C credit by excluding property referred to in section 50(b)(1) of the Code, which provides generally that property used predominantly outside the United States does not qualify for a credit to which section 50 applies. However, section 50(b)(1)(B) provides an exception for certain categories of property described in section 168(g)(4) of the Code. Section 168(g)(4) describes, among other things, property owned by a domestic corporation or by a United States citizen (other than a citizen entitled to the benefits of section 931 or section 933) and that is used predominantly in a territory (also referred to as a possession) of the United States by such a corporation or such a citizen, or by a corporation created or organized in, or under the law of, a territory of the United States. Accordingly, because section 30C(e)(3), by reason of sections 50(b)(1)(B) and 168(g)(4), would allow for qualified alternative fuel vehicle refueling property to be used by certain taxpayers predominantly in a territory of the United States, eligible census tracts include low-income

community census tracts and non-urban census tracts located in a territory of the United States.

## IV. Property Used by A Tax-Exempt or Government Entity

Section 30C(e)(2) provides that in the case of any qualified alternative fuel vehicle refueling property the use of which is described in section 50(b)(3) (generally, use by tax-exempt organizations) or (b)(4) (generally, use by the United States or a government entity or foreign persons or entities) and that is not subject to a lease, the person who sold such property to the person or entity using such property is treated as the taxpayer that placed such property in service, but only if the seller clearly discloses to the tax-exempt or government entity in a document the amount of any credit allowable under section 30C(a) with respect to such property (determined without regard to section 30C(d) (treating the credit as a credit listed in section 38(b) or as a personal credit)). For purposes of section 30C(d), property to which section 30C(e)(2) applies is treated as of a character subject to an allowance for depreciation.

## V. Prevailing Wage and Registered Apprenticeship Requirements

The IRA amended several sections of the Code, including section 30C, to provide increased credit amounts for taxpayers who satisfy certain requirements, including an increased credit amount for satisfying prevailing wage and registered apprenticeship (PWA) requirements. This same increased credit amount is available under certain sections of the Code, including section 30C, if beginning of construction occurs before January 29, 2023 (BOC Exception).[1]

For properties placed in service after December 31, 2022, the section 30C credit is equal to 6 percent for depreciable property. If a taxpayer satisfies the PWA requirements in section 30C(g)(2) and (3) or meets the BOC Exception with respect to a qualified alternative fuel vehicle refueling project, then the credit determined under section 30C(a) for any qualified alternative fuel vehicle refueling property that is depreciable property and that is part of such project is multiplied by five. For purposes of the PWA requirements, section 30C(g)(1)(B) defines a "qualified alternative fuel vehicle refueling project" as a project consisting of one or more properties that are part of a single project. Section 30C(g)(2)(A) requires the taxpayer to ensure that any laborers and mechanics employed by the taxpayer or any contractor or subcontractor in the construction of any qualified alternative fuel vehicle refueling property that is part of a qualified alternative fuel vehicle refueling project are paid wages at rates not less than prevailing rates. Under section 30C(g)(3), rules similar to the rules in section 45(b)(8) apply regarding the apprenticeship requirements.

On June 25, 2024, the Treasury Department and the IRS published final regulations in the ***Federal Register*** (89 FR 53184) that govern the increased credit or deduction amount available for taxpayers satisfying the PWA requirements that the IRA established with respect to several credits, including the section 30C credit (final PWA regulations). Specifically for the section 30C credit, the final PWA regulations provided clarifications to the applicable scope of the PWA requirements.

## VI. Coordination with Sections 6417 and 6418

Section 6417 allows an applicable entity (as defined in section 6417(d)(1)(A), generally including tax-exempt and government entities, Indian Tribal governments, and Alaska Native Corporations, among others) to make an election to be treated as making a payment against the tax imposed by subtitle A of the Code for the taxable year with respect to which an applicable credit (as defined in section 6417(b)) was determined equal to the amount of the applicable credit. Section 6417(b)(1) includes the amount of a section 30C credit, to the extent treated under section 30C(d)(1) as a general business credit under section 38, as an applicable credit.

Section 6418 permits an eligible taxpayer (defined in section 6418(f)(2) as a taxpayer not described in section 6417(d)(1)(A)) to make an election to transfer all or a portion of an eligible credit (defined in section 6418(f)(1)), determined with respect to such taxpayer for any taxable year to an unrelated taxpayer (within the meaning of section 267(b) or 707(b)(1)). Section 6418(f)(1)(A)(i) includes the amount of a section 30C credit, to the extent treated under section 30C(d)(1) as a general business credit under section 38, as an eligible credit.

## VII. Prior Guidance, Request for Comments, and Other Documents Relating to the Alternative Fuel Vehicle Refueling Property Credit

### *A. Notice 2007-43*

On May 29, 2007, the Treasury Department and the IRS published Notice 2007-43, 2007-22 I.R.B. 1318, which provided interim guidance on the then-recently enacted section 30C. This notice provided specific guidance relating to the computation of the section 30C credit and the treatment for purposes of the credit of converted and dual-use refueling property.

### *B. Notice 2022-56*

On November 21, 2022, the Treasury Department and the IRS published Notice 2022-56, 2022-47 I.R.B. 480. This notice requested general comments on issues arising under section 30C, as amended by the IRA, as well as specific comments concerning: (1) depreciable property; (2) the definition of a "single item"; (3) bidirectional charging equipment; (4) eligible census tracts; (5) recapture; and (6) miscellaneous topics. The Treasury Department and the IRS received 135 comments from industry participants, environmental groups, individual consumers, and other stakeholders. The Treasury Department and the IRS appreciate the commenters'

[1] On November 30, 2022, the Treasury Department and the IRS published Notice 2022-61 in the ***Federal Register*** (87 FR 73580, *corrected in* 87 FR 75141 (Dec. 7, 2022)), providing guidance with respect to the PWA requirements in section 45(b)(7) and (8), including initial guidance for determining the beginning of construction under section 45 and other credits and the beginning of installation under section 179D. The final PWA regulations published in the ***Federal Register*** (89 FR 53184) (part III of the Background section) provide further detail on the BOC Exception.

interest and engagement on these issues. These comments have been considered carefully in the preparation of these proposed regulations.

*C. Notice 2024-20*

On February 12, 2024, the Treasury Department and the IRS published Notice 2024-20, 2024-7 I.R.B. 668, to provide guidance on eligible census tracts for the section 30C credit and to announce the intent to propose regulations for the credit. This notice describes relevant census concepts, provides background and definitions for low-income communities and non-urban census tracts, and explains the census tract boundaries that apply for the relevant census tract determinations. The notice also provides taxpayers with a list of eligible census tracts in advance of the 2023 filing season and explains how taxpayers can identify the 11-digit census tract identifier for a location where a property is placed in service.

**Explanation of Provisions**

**I. 30C Property, Recharging Property, Refueling Property**

Proposed §1.30C-1(a) would provide a general overview of the proposed section 30C regulations. Proposed §1.30C-1(b) would provide definitions that would apply for purposes of section 30C and the 30C regulations.

The proposed regulations use the term "30C property" to describe property that is eligible for the section 30C credit. As proposed, the term 30C property would generally be synonymous with the statutory phrase "qualified alternative fuel vehicle refueling property." Proposed §1.30C-1(b)(1) would define 30C property to include any property (other than real property and a building and its structural components) that is comprised of components that are functionally interdependent for "refueling property" or "recharging property" and, if applicable, an integral part of the refueling property or recharging property. For purposes of the proposed regulations, refueling property would mean property for the storage and dispensing of a qualified alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered into the fuel tank of the motor vehicle. Proposed §1.30C-1(b)(1)(i)(A); *see also* proposed §1.30C-1(b)(16)(i). Similarly, "recharging property" would mean property for the recharging of a motor vehicle propelled by electricity, but only if the property is located at the point where the motor vehicle is recharged. Proposed §1.30C-1(b)(1)(i)(B); *see also* proposed §1.30C-1(b)(16)(ii).

Proposed §1.30C-1(b)(14) would provide that components are "functionally interdependent" if the placing in service of each component is dependent upon the placing in service of each of the other components in order to refuel or recharge a motor vehicle. Proposed §1.30C-1(b)(15) would further provide that property is an "integral part" of a refueling or recharging property if it is used directly in the intended function of the refueling property or recharging property and is essential to the completeness of this intended function, meets all of the requirements for 30C property described in proposed §1.30C-1(b)(1)(iii), is owned by the taxpayer that owns the refueling property or recharging property, and is specifically designed to be integrated with the refueling property or recharging property with which it is associated.

Proposed §1.30C-1(b)(1)(iii) would provide a list of additional requirements that any eligible property must meet to be 30C property. First, the property must either be of a character subject to an allowance for depreciation or installed on property that is used as the principal residence of the taxpayer (within the meaning of section 121). Second, the property's original use must begin with the taxpayer. Proposed §1.30C-1(b)(18) would provide that "original use" has the same meaning as in §1.48-2(b)(7). Finally, the property must be placed in service in an eligible census tract (*see* discussion of eligible census tracts in part II.E of this Explanation of Provisions section).

**II. General Rules**

*A. Amount of Credit*

Proposed §1.30C-2(a)(1) would provide that section 30C(a) allows a taxpayer to claim as a credit against the tax imposed by chapter 1 an amount equal to a percentage of the cost of any 30C property placed in service by the taxpayer during the taxable year, subject to certain dollar-amount limitations described in section 30C(b) and proposed §1.30C-2(a)(4).

Consistent with section 30C(a), proposed §1.30C-2(a)(2)(i) would provide that in the case of depreciable property, section 30C(a) allows as a credit against tax an amount equal to 6 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year. Under proposed §1.30C-2(a)(2)(ii), the section 30C credit for the cost of any 30C property placed in service as part of a project that meets the PWA requirements is multiplied by 5. Property placed in service by certain tax-exempt organizations and governmental units described in section 50(b)(3) and (4) of the Code is treated as property of a character subject to an allowance for depreciation for purposes of calculating the section 30C credit. *See* sections 30C(e)(2) and 6417(d)(2) and §1.6417-2(c). Proposed §1.30C-2(a)(2)(iii) would provide that in the case of property of a character not subject to an allowance for depreciation, section 30C(a) allows as a credit against tax an amount equal 30 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year provided that such property is installed on property that is used as the taxpayer's principal residence (within the meaning of section 121). Consistent with section 30C(b), proposed §1.30C-2(a)(4) would limit the section 30C credit with respect to any single item of 30C property placed in service by the taxpayer during the taxable year to $100,000 for depreciable property and $1,000 for non-depreciable property.

If the business use of the property is 50 percent or less, proposed §1.30C-2(a)(3) would provide rules for apportioning the section 30C credit between business use and personal use. If the business use is more than 50 percent, then the section 30C credit would be treated under the proposed regulations only as a general business credit under section 30C(d)(1) (and subject to the $100,000 limitation). If the business use of the 30C property is 50 percent or less, then the property would be considered "apportioned-use

property" under the proposed regulations and the taxpayer's section 30C credit for that taxable year for that 30C property would be apportioned in accordance with the taxpayer's use of the property between the general business credit under section 30C(d)(1) and the personal credit allowed under section 30C(a) pursuant to section 30C(d)(2). To be within these apportionment rules, the proposed regulations would provide that the 30C property must be installed at the taxpayer's personal residence to qualify for the personal credit, but also be used for business use. For example, these proposed rules would apply to a taxpayer who operates a delivery service and installs an electric vehicle charger at her personal residence, which she uses to charge both her personal vehicle and her delivery vehicle.

If 30C property is apportioned-use property, proposed §1.30C-2(a)(4)(ii) would provide that the dollar-amount limitation must be apportioned in the same manner as the taxpayer's credit under section 30C. For example, in the case of 30C property the business use of which is 40 percent of a taxpayer's total use of the property for the taxable year in which the property is placed in service, the portion treated as a general business credit under section 30C(d)(1) cannot exceed $40,000 ($100,000 multiplied by 40 percent), and the portion treated as a section 30C credit allowed under section 30C(a) cannot exceed $600 ($1,000 multiplied by 60 percent).

*B. Single Item of Property and Calculating the Section 30C Credit*

As discussed in part II of the Background section of this preamble, one major change that the IRA made to section 30C was to allow the credit per single item of property, rather than per location. Thus, proposed §1.30C-2(b)(1) would provide that taxpayers may claim a section 30C credit if they place in service at least one single item of 30C property during the taxable year.

Section 30C does not define "single item of property." In Notice 2022-56, the Treasury Department and the IRS asked for comments on how to define a "single item of property." Many commenters suggested that, for purposes of electric vehicle chargers, a "single item" should be defined as each charging port and that the item also should include functionally interdependent property as well as other property that commenters deemed necessary for the installation and use of the charger. The proposed regulations largely adopt these comments.

1. Definition of single item of 30C property

For purposes of calculating the section 30C credit, proposed §1.30C-2(b)(1) would define a single item of 30C property as each charging port for recharging property, each fuel dispenser for refueling property, or each qualified alternative fuel storage property or electrical energy storage property.

For purposes of the proposed regulations, a charging port would mean the system within a charger that charges one motor vehicle. Under proposed §1.30C-1(b)(6), a charging port may have multiple connectors, but it can provide power at its rated electrical output to charge only one motor vehicle through one connector at a time. Some chargers may have more than one port, in which case proposed §1.30C-2(b)(2)(ii) would provide that the cost of the charger would need to be allocated among the number of ports for purposes of determining the credit. The Treasury Department and the IRS agree with the commenters that allowing the credit based on the number of motor vehicles that could be charged simultaneously at the port's rated electrical output is appropriate based on the IRA amendments to section 30C to provide a credit limit per single item of property, rather than a broader term such as per charging property or per location, and consistent with one purpose of the IRA to expand incentives for taxpayers to transition to clean vehicles.

The proposed regulations would define a fuel dispenser as the unit through which fuel is dispensed into the fuel tank of a motor vehicle if such unit is capable of fueling at or above the dispenser's minimum rate of fueling and has at least one hose and nozzle. Proposed §1.30C-1(b)(12) would provide that a dispenser may optionally include a meter, valve, controller, and enclosure. These proposed regulations would use these definitions of "fuel dispenser" for refueling property and "charging port" for recharging property with the goal to similarly situate the accounting of credits among the eligible alternative fuels with consideration of their refueling technologies and station designs.

Proposed §1.30C-1(b)(25) would define two types of storage property: qualified alternative fuel storage property and electrical energy storage property. Under proposed §1.30C-1(b)(25)(ii), "qualified alternative fuel storage property" would mean property used for the storage of such qualified alternative fuel. Under proposed §1.30C-1(b)(20), qualified alternative fuel would generally refer to all clean-burning fuels (as defined in proposed §1.30C-1(b)(7)) except electricity. Proposed §1.30C-1(b)(25)(iii) would define "electrical energy storage property" to mean property that receives, stores, and delivers energy for conversion to electricity. Under proposed §1.30C-1(b)(25), both types of storage property would be required to be located at the point where the motor vehicle is refueled or recharged. Proposed §1.30C-1(b)(16) would provide that this requirement is generally satisfied if the storage property is located at the same or an immediately adjacent physical address as the location where the fuel is delivered into the fuel tank of the motor vehicle or where the motor vehicle is recharged.

Former section 179A(d)(3)(A), adopted by reference into section 30C(c), uses the language "for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel" in its definition of qualified clean-fuel vehicle refueling property, indicating that clean-burning fuel storage property is a separate item of qualified clean-fuel vehicle refueling property. Former section 179A(d)(3)(B) uses the language "for the recharging of motor vehicles propelled by electricity" as a separate prong of this same definition, indicating that electrical energy storage property is not a separate item of qualified clean-fuel vehicle refueling property. However, former section 179A(e)(1) includes electricity within the definition of clean-burning fuels, such that electric vehicle refueling property could be eligible property under either former section 179A(d)(3)(A) (where storage is specifically mentioned) or (B) (where storage

is not specifically mentioned). These proposed regulations would provide that the cost of electrical energy storage property that is used for charging motor vehicles is creditable as a separate item of property under section 30C. Electrical energy storage can be used for electric vehicle charging to smooth costs and to minimize the impact on the electrical grid by taking the energy from the grid during non-peak hours when energy is cheaper and storing the energy for use during higher cost peak hours. Thus, electrical energy storage can be a critical part of electric vehicle recharging infrastructure. Further, treating all types of storage as a separate item of property is consistent with the language of former section 179A(d). Finally, allowing electrical energy storage property as a separate item of property treats storage property consistently across various types of clean-burning fuel.

These proposed regulations would also modify proposed §§1.48-9 and 1.48E-2 to provide that energy storage technology does not include energy storage property for which the taxpayer claims a credit under section 30C. Energy storage technology may be eligible for an investment credit under sections 48 and 48E, subject to certain limitations. However, sections 48 and 48E exclude from the definition of energy storage technology property primarily used in the transportation of goods or individuals and not for the production of electricity. *See* sections 48(c)(6)(A) and 48E(c)(2). The section 48 proposed regulations did not propose a rule interpreting this exclusion but requested comments on its scope.[2] Commenters to the section 48 proposed regulations requested that batteries and other energy storage technology that may be used to charge or recharge electric vehicles be eligible for the section 48 credit because it may be more valuable than the section 30C credit in certain cases; however, commenters did not request that the same property be eligible for both sections 48 and 30C. The Treasury Department and the IRS agree that Congress did not intend to allow multiple credits for investments in the same energy storage property associated with vehicle recharging or refueling, as evidenced by the sections 48 and 48E exclusion for property primarily used in the transportation of goods or individuals and not for the production of electricity. Property for which a section 30C credit is claimed is property primarily used in the transportation of goods or individuals and not for the production of electricity, because the section 30C credit is limited to property "for the storage or dispensing of a clean-burning fuel into the fuel tank of a motor vehicle propelled by such fuel" or "for the recharging of motor vehicles propelled by electricity." *See* sections 30C(c)(1) and 179A(d)(3). Accordingly, the proposed regulations would clarify that energy storage property for which a section 30C credit is claimed is property primarily used in the transportation of goods or individuals and not for the production of electricity, and, therefore, is not energy storage technology for purposes of sections 48 and 48E. However, energy storage property for which a section 30C credit is not claimed, could be credit-eligible energy storage technology under sections 48 and 48E if it meets the requirements under those provisions.

2. Associated property and calculating the credit

Under proposed §1.30C-2(b)(1), the amount of the section 30C credit would include the cost of functionally interdependent property and, if applicable, any property that is an integral part of refueling or recharging property that is part of the 30C property placed in service by the taxpayer during the year (associated property). These costs would be included in the section 30C credit for a single item to the extent that they are directly attributable and traceable to that particular single item of 30C property. The cost of associated property that is directly attributable and traceable to more than one item of 30C property would be allocated among the relevant items based on the cost of each single item of 30C property. In no case would the total cost of the associated property divided among different items of 30C property exceed 100 percent of the cost of the associated property.

Proposed §1.30C-2(b)(3) would provide that the section 30C credit is the lesser of the "tentative section 30C credit," or the $100,000 or $1,000 limit (as appropriate). The tentative section 30C credit for each single item of 30C property would be the sum of the cost of the single item of 30C property, the cost of any associated property directly attributable and traceable to the single item of 30C property, and the cost of a ratable share of allocated associated property, multiplied by the applicable credit rate (6 percent or 30 percent).

*C. Bidirectional Charging Equipment*

Notice 2022-56 requested comments on the factors and definitions that should be considered in developing guidance for bidirectional charging equipment (that is, property that is capable of charging the battery of an electric vehicle and also allows the discharging of electricity from such battery to an electric load external to such motor vehicle). *See* section 30C(c)(2). Many of the comments suggested that the regulations provide that all costs, including any costs for bidirectional equipment contained within the motor vehicle (onboard equipment) be creditable.

The IRA amendments clarify that a charger that otherwise meets the requirements of 30C property is not excluded simply because the charger also allows discharging of electricity from the motor vehicle's battery, but the IRA amendments do not expand the section 30C credit in the manner suggested by commenters. In particular, section 30C(c)(2) uses the language "shall not fail to be treated," suggesting a clarification rather than a significant expansion of the credit. In addition, the Code contains separate tax credits for electric vehicles, including credits targeted to the electric vehicle battery. *See* sections 25E, 30D, and 45W. Thus, proposed §1.30C-1(b)(16)(ii) would exclude from the definition of recharging property components that are located within a motor vehicle and are necessary for the propulsion of that vehicle, including onboard equipment.

[2] On November 22, 2023, the Treasury Department and the IRS published in the ***Federal Register*** (88 FR 82188) the proposed rule "Definition of Energy Property and Rules Applicable to the Energy Credit" under section 48 (section 48 proposed regulations).

*D. Property for the Refueling of Certain Two- and Three-Wheeled Vehicles*

Section 30C(f) provides additional special rules for electric charging stations for certain vehicles with two or three wheels. Section 30C(f)(1) provides that the term "qualified alternative fuel vehicle refueling property" includes property described in section 30C(c) for the recharging of a motor vehicle described in section 30C(f)(2), but only if such property meets the requirements of section 30C(a)(2) and is of a character subject to depreciation. However, section 30C(a)(2) does not exist. The Treasury Department and the IRS view this as a clerical error and, as a result, will apply section 30C(f)(1) without giving effect to section 30C(f)(1)(A). Thus, proposed §1.30C-2(b)(5) would provide that 30C property also includes depreciable property that is for the recharging of a two- or three-wheeled electric vehicle because there are no requirements of section 30C(a)(2) under current law.

*E. Eligible Census Tracts*

Consistent with section 30C(c)(3)(B), proposed §1.30C-2(c)(1) would provide that 30C property must be placed in service in an eligible census tract to qualify for the section 30C credit. Eligible census tracts include any population census tract that qualifies as a low-income community census tract or that is a non-urban census tract.

**1. Low-Income Census Tracts**

Proposed §1.30C-2(c)(2)(i) would provide that a population census tract is an eligible "low-income community census tract" for purposes of the section 30C credit if the population census tract meets the requirements of the NMTC under section 45D(e)(1), which requires that the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income. Proposed §1.30C-2(c)(2)(ii) would provide that census tracts located within a high migration rural county, as defined under section 45D(e)(5), are low-income community census tracts if the median family income for the tract does not exceed 85 percent of statewide median family income.

Based on the ACS 5-year low-income community data, census tracts as described under section 45D(e)(1) can be identified and they are published by the CDFI Fund. Additionally, the CDFI Fund has published, beginning with the 2016-2020 NMTC tracts, the census tracts that qualify as low-income census tracts because the census tracts are located in high migration rural counties as described under section 45D(e)(5). However, after consultation with the CDFI Fund, the Treasury Department and the IRS cannot identify with verifiable accuracy the population census tracts that currently meet the requirements of section 45D(e)(2) and (4). Accordingly, the Treasury Department and the IRS request comments on whether and how the population census tracts named under section 45D(e)(2) and (4) could be identified accurately to qualify as eligible census tracts for the credit under 30C. The areas described in section 45D(e)(3) are not population census tracts as required by section 30C(c)(3)(B)(i), and therefore do not qualify as eligible census tracts for purposes of the section 30C credit.

**2. Non-Urban Area**

Proposed §1.30C-2(c)(3) would provide that "non-urban census tract" means any population census tract in which at least 10 percent of the census blocks are not designated as urban areas. As the Secretary of Commerce and Census Bureau no longer identify census tracts as urban or non-urban, the Treasury Department, in consultation with the Census Bureau, determined a percentage of census blocks within a census tract to determine if a census tract is not an urban area under section 30C(c)(3)(B)(ii). The Treasury Department and IRS received comments on this issue in response to Notice 2022-56. The threshold of 10 percent of census blocks being not an urban area to determine if a census tract is a non-urban area census tract is within the range of percentages suggested by commenters.

**3. Determination of Eligible Census Tracts**

Proposed §1.30C-2(c)(4) would provide that the IRS will periodically publish lists of specific census tracts that are low-income census tracts or non-urban census tracts along with instructions on how taxpayers may determine their census tract identifying numbers. Census tract data and boundaries are expected to be updated prior to January 1, 2033, when the section 30C credit is planned to expire. When census tract data changes, the IRS will publish updated lists of the eligible census tracts that qualify as low-income communities or non-urban areas, and the 11-digit census tract GEOIDs associated with each census tract based on the applicable census data.

**4. Request for Comments**

There is a variety of equipment available to recharge electric vehicles. Some are installed at a fixed location (that is, stationary) and may be mounted upon concrete pads or installed as fixtures on the walls of buildings. Some recharging equipment are mobile; however, the degree to which such equipment are mobile varies greatly depending on their use and purpose. Mobile chargers may be transported to allow for the dispensing of electricity closer to where a vehicle is parked, in contrast to having to drive a vehicle to stationary equipment. Mobile chargers may be physically connected to a source of electricity at a physical address or, conversely, receive electricity from a battery that is temporarily separated from a physical address.

The requirement under section 30C(c)(3) that property must be placed in service in an eligible census tract to qualify for the section 30C credit suggests that the property must also be used in the eligible census tract. However, depending on its design and purpose, mobile equipment may not always be used in the eligible census tract in which it was placed in service. The Treasury Department and the IRS request comments on how mobile equipment could satisfy the geographic require-

ment that 30C property must be placed in service in an eligible census tract, and request comments on any related rules that should be adopted, particularly with respect to any administrative requirements to ensure only qualifying mobile equipment is credited.

## III. Prevailing Wage and Registered Apprenticeship Requirements

The proposed regulations would supplement the final PWA regulations in §1.30C-3 to further define "qualified alternative fuel vehicle refueling project" (30C project) for purposes of satisfying the PWA requirements. Proposed §1.30C-3(b)(2) would provide that multiple 30C properties will be treated as a single 30C project if the items of property are constructed and operated on a contiguous piece of land, owned by a single taxpayer (subject to the related party rule), placed in service in a single taxable year, and one or more of the following factors is present: (1) the properties are described in one or more common environmental or other regulatory permits; (2) the properties are constructed pursuant to a single master construction contract; or (3) the construction of the properties is financed pursuant to the same loan agreement. Under the related party rule in proposed §1.30C-3(b)(3), related taxpayers are treated as one taxpayer in determining whether multiple items of 30C property are treated as a single project. For these purposes, related taxpayers are treated as a single taxpayer if they are members of a group of trades or businesses that are under common control (as defined in §1.52-1(b)). Proposed §1.30C-3(b)(3).

The proposed regulations would limit a 30C project to encompass only the items of property that are placed in service within the same year because 30C is an annual credit. This approach is consistent with the fact that the section 30C credit is available only in the year the property is placed in service, even if costs related to the property are incurred in earlier years.

Additionally, the proposed regulations would clarify that if a seller of 30C property, the use of which is described in section 50(b)(3) or (4) (generally tax-exempt entities, government entities, and foreign persons and entities), is treated as the taxpayer that placed such property in service under section 30C(e)(2), the seller is the taxpayer required to comply with the PWA recordkeeping requirements. Proposed §1.30C-3(c). *See* part IV.B of this Explanation of Provisions for additional discussion of cases in which a seller may be treated as the taxpayer that placed 30C property in service under section 30C(e)(2). This clarification is consistent with §1.45-12, which provides that a taxpayer claiming or transferring (under section 6418) an increased credit must maintain and preserve records sufficient to establish compliance with the statutory requirements. Further, unlike a transferee under section 6418, a person who sells 30C property, the use of which is described in section 50(b)(3) or (4), would generally have access to, and control over, the relevant records.

The proposed regulations would also conform the terminology used in the final PWA regulations in §1.30C-3(a) and (b) to the terminology used in these proposed regulations. The proposed regulations do not modify any of the rules in the final PWA regulations other than proposed §1.30C-3, and the Treasury Department and the IRS are not reopening the comment period on the final PWA regulations generally.

## IV. Special Rules

### *A. Recapture*

Section 30C(e)(5) provides that recapture rules similar to the rules of former section 179A(e)(4) apply; however, former section 179A(e)(4) merely granted authority to provide recapture rules, stating, "The Secretary shall, by regulations, provide for recapturing the benefit of any deduction allowable under subsection (a) with respect to any property which ceases to be property eligible for such deduction." Accordingly, as noted previously in the Authority section, the Treasury Department and the IRS understand section 30C(e)(5) to be a delegation of authority to the Secretary, by cross-reference to former section 179A(e)(4), to provide recapture rules under section 30C.

The Secretary exercised the authority under former section 179A(e)(4) in issuing former §1.179A-1 (removed by TD 9849 on March 11, 2019). Proposed §1.30C-4(b) uses the rules of former §1.179A-1 as a starting point (in particular, what constitutes a recapture event), with appropriate modifications (for example, to account for apportioned use property and property used by tax-exempt or government entities, neither of which were at issue in former section 179A or the regulations thereunder). In general, proposed §1.30C-4(b) would require taxpayers to recapture the benefit of any section 30C credit allowed with respect to any property that ceases to be property eligible for such credit. If a recapture event occurs with respect to a taxpayer's 30C property, then the taxpayer must include the recapture amount in taxable income for the taxable year in which the recapture event occurs. Proposed §1.30C-4(b)(1).

Proposed §1.30C-4(b)(2) would provide that a recapture event generally occurs if, within three years of the property being placed in service: (1) the taxpayer claiming the section 30C credit modifies the property such that the property no longer qualifies as 30C property; (2) unless the property is subject to section 6417(d)(2)(B), a depreciable property ceases to be used predominantly in a trade or business (meaning that 50 percent or more of the use of the property in a taxable year is for use other than in a trade or business); (3) if the property is apportioned-use property, the property completely ceases to be used in a trade or business, but continues to be used for personal use; or (4) the taxpayer sells or disposes of the 30C property and the taxpayer knows or has reason to know that the property will cease to qualify as 30C property for one of the reasons listed in (1) or (2) of this paragraph. Except as provided in (4), a sale or other disposition (including a disposition by reason of an accident or other casualty) of 30C property is not a recapture event. Proposed §1.30C-4(b)(3) would clarify that property is not subject to the recapture provisions solely because it is placed in service in a location that subsequently ceases to be in a qualified census tract. Thus, a change in the identification of eligible census tracts alone would not require a taxpayer to recapture the section 30C credit.

Proposed §1.30C-4(b) would also provide a formula for determining the amount

of the recapture and adjustments to basis following a recapture event.

The Treasury Department and the IRS request comments on how the recapture rules should apply where the person who sells 30C property to a tax-exempt or government entity is treated as the taxpayer placing the 30C property in service, including any notifications that should be required.

*B. Property Used by a Tax-Exempt or Government Entity*

Section 30C(e)(2) allows a person who sells 30C property that is used in a manner described in section 50(b)(3) or (4) (generally property used by tax-exempt organizations, government entities, or foreign persons or entities), to be eligible for the section 30C credit, but only if the seller clearly discloses in a document the amount of any such credit allowable. Use of this rule typically results in a lower upfront cost to a tax-exempt or government entity for the 30C property, while allowing the seller to claim the section 30C credit.

Section 6417, added by the IRA, provides a benefit to applicable entities (defined in section 6417(d)(1)(A) and §1.6417-1(c)), which include certain tax-exempt and government entities that are described in section 50(b)(3) or (4). Section 6417 allows applicable entities to make an election to be treated as making a payment of tax in the amount of certain applicable credits, including the section 30C credit, which results in a refund equal to the amount of the applicable credits if such entity has no other tax liability. Section 6417(d)(2)(A) requires an entity making an election to determine an applicable credit without regard to section 50(b)(3) or (b)(4)(A)(i), effectively turning those sections off for purposes of calculating an applicable credit. Although section 30C refers to section 50(b)(3) and (4) in section 30C(e)(2) to describe property used in a certain manner by certain persons, the section 30C credit is always determined without regard to section 50.[3] However, for 30C property used by tax-exempt and government entities (that is, property the use of which is described in section 50(b)(3) or (4)), these proposed regulations would treat such 30C property as not being used in a manner described in section 50(b)(3) or (4) if the tax-exempt or government entity makes an elective payment election under section 6417.

Congress appears to have provided tax-exempt and government entities the ability to choose whether a reduced purchase price that may result under section 30C(e)(2) or an elective payment election under section 6417 is more beneficial. To facilitate that choice, and consistent with section 6417(d)(2)(A), proposed §1.30C-4(c)(2) would treat the use of 30C property by a tax-exempt or government entity as not being described in section 50(b)(3) or (4), and therefore not available for the seller to be treated as the taxpayer placing the 30C property in service, if such entity notifies the seller in writing of its intent to make the section 6417 election.

The section 30C credit is only allowed once per 30C property. Thus, if the tax-exempt or government entity notifies the seller of its intent to make an elective payment election pursuant to section 6417(a) with respect to the section 30C credit, the seller cannot claim any credit allowable under section 30C(a) with respect to such property.

The Treasury Department and the IRS request comments on whether this approach is practical for entities described in section 50(b)(3) and (b)(4)(A)(i) and for those who sell them 30C property. The Treasury Department and the IRS also request comments on the notification process described above, including the timing of such notifications and whether transition rules may be necessary for projects for which contracts have already been signed.

*C. Dual-use Property*

Notice 2007-43 provided rules for the application of the section 30C credit to dual-use property, generally meaning property that is used for a creditable purpose and a non-creditable purpose. The proposed regulations would generally incorporate the dual-use rules from the notice, with some modifications to account for subsequent amendments to section 30C (such as the inclusion of transportation fuel as defined in section 45Z(d)(5)).

Proposed §1.30C-4(d) would provide separate rules for (1) dual-use property that is used for dispensing or storing both qualified alternative fuel and conventional fuel, (2) dual-use property that is used to store qualified alternative fuel that is dispensed into the fuel tank of a motor vehicle and to store fuel that is transported to other locations, and (3) dual-use property that is used to store or transmit electricity for recharging a motor vehicle and for other, non-creditable, purposes. In each case, the creditable portion of the cost of such property is limited to the increase in the cost of the dual-use property over the cost of equivalent property used only for the non-creditable use. For example, if a taxpayer owns a fuel tank that is used to store fuel that is used to refuel motor vehicles at the point where the motor vehicles are refueled, but is also used to store fuel that the taxpayer transports to other locations, then the cost of the fuel tank is taken into account only to the extent the cost exceeds the cost of a tank used only to store fuel transported to other locations. The Treasury Department and the IRS are aware that in some cases, this will result in the dual-use property's cost not being creditable under section 30C. However, the Treasury Department and the IRS are of the view that Notice 2007-43 has provided a workable and administrable rule for most of the existence of the section 30C credit to date.

## V. Proposed Amendments to Regulations under other Code Sections

The proposed regulations would also make minor conforming changes to proposed §§1.48-9 and 1.48E-2, as well as to §§1.6417-6 and 1.6418-5 to comport with the proposed section 30C regulations.

## Effect on Other Documents

Notice 2007-43, 2007-22 I.R.B. 1318, is withdrawn.

[3] Section 50(b) provides that no credit "shall be determined under this subpart" for certain property. Section 50(b) is in subpart E of part IV of subchapter A of chapter 1. Section 30C is in subpart B of part IV of subchapter A of chapter 1.

**Proposed Applicability Dates**

Except as otherwise provided, these regulations are proposed to apply to property placed in service in taxable years ending after the date of publication of the Treasury Decision adopting these rules as final rules in the ***Federal Register***.

**Special Analyses**

I. *Regulatory Planning and Review*

Pursuant to the Memorandum of Agreement, Review of Treasury Regulations under Executive Order 12866 (June 9, 2023), tax regulatory actions issued by the IRS are not subject to the requirements of section 6 of Executive Order 12866, as amended. Therefore, a regulatory impact assessment is not required.

II. *Paperwork Reduction Act*

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) (PRA) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. A Federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collections of information in these proposed regulations contain reporting and recordkeeping requirements. The recordkeeping requirements mentioned within these proposed regulations are considered general tax records under § 1.6001-1(e). These records are required for the IRS to validate that taxpayers have met the regulatory requirements and are entitled to a credit under section 30C. For PRA purposes, general tax records are already approved by OMB under 1545-0047 for tax-exempt organizations and government entities; 1545-0074 for individuals; and under 1545-0123 for business entities.

These proposed regulations mention requirements to claim the credit in § 1.30C–2(e), using Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes). This form is approved under 1545–0047 for tax-exempt organizations and governmental entities; 1545–0074 for individuals; and 1545–0123 for business entities. These proposed regulations are not changing or creating new collection requirements not already approved by OMB. These proposed regulations also mention recapture procedures as detailed in § 1.30C–4(b). These recapture procedures are also performed using Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes). This form is approved under 1545–0047 for tax-exempt organizations and governmental entities; 1545–0074 for individuals; and 1545–0123 for business entities. These proposed regulations are not changing or creating new collection requirements not already approved by OMB.

These proposed regulations also include third-party disclosures if a tax-exempt or government entity makes an election under section 6417 to be treated as making a payment against the tax. This third-party disclosure and its associated burden will be included in form and instructions for Form 8911 (or successor form as the Secretary prescribes) and will be submitted to OMB under 1545-0047, 1545-0074, and 1545-0123 in accordance with the PRA procedures under 5 CFR 1320.10.

With respect to the PWA provisions in §1.30C–3, these requirements are approved under 1545-2315. With respect to the elective pay provisions in §1.30C-4(c)(2), there is no form associated with this collection, but will be collected in the portal only and is approved under 1545-2310. These proposed regulations are not changing or creating new collection requirements not already approved by OMB.

III. *Regulatory Flexibility Act*

The Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) (RFA) imposes certain requirements with respect to Federal rules that are subject to the notice and comment requirements of section 553(b) of the Administrative Procedure Act (5 U.S.C. 551 *et seq.*) and that are likely to have a significant economic impact on a substantial number of small entities. Unless an agency determines that a proposal is not likely to have a significant economic impact on a substantial number of small entities, section 603 of the RFA requires the agency to present an initial regulatory flexibility analysis (IRFA) of the proposed rule.

Pursuant to the RFA, the Secretary hereby certifies that these proposed regulations will not have a significant economic impact on a substantial number of small entities within the meaning of section 601(6) of the Regulatory Flexibility Act. Pursuant to section 7805(f), this notice of proposed rulemaking has been submitted to the Chief Counsel for the Office of Advocacy of the Small Business Administration for comment on their impact on small business.

The RFA directs agencies to provide a description of and, if feasible, an estimate of, the number of small entities that may be affected by the proposed rules, if adopted. Section 30C and these proposed regulations may affect a variety of different entities across multiple industries, including individuals, tax-exempt entities, small businesses, partnerships, and large businesses. Although there is uncertainty as to the exact number of small businesses within this group, the current estimated number of respondents to these proposed rules is 4,000 small business entities, based on a review of filing information since 2019 and extrapolations into the future.

Small business entities to claim the section 30C credit must satisfy reporting requirements that are the same as those faced by individuals accessing the section 30C credit. Taxpayers will continue to file Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes), as was the case for the section 30C credit prior to amendments made by the IRA and prior to the publication of these proposed regulations. The estimated burden for individual and business taxpayers filing this form is approved under OMB control number 1545-0074 and 1545-0123.

Although the Treasury Department and IRS estimate that 4,000 small business entities will claim the credit under section 30C in a given year, the proposed regulations will not have a significant economic impact

on such entities. The proposed regulations do not impose any additional burden on taxpayers outside of what is provided by the statute. For example, the IRA modified section 30C(c)(3) to require property to be located in eligible census tracts. These proposed regulations provide guidance regarding low-income areas, non-urban areas, and the determination of eligible census tracts, but do not impose any additional requirements beyond what is set forth in the statute that would give rise to significant economic impacts on small business entities. Additionally, these proposed regulations provide rules regarding recapture of the credit, but recapture is provided for in section 30C(e)(5), and these proposed rules merely provide the framework for the statutorily required recapture.

The Treasury Department and IRS have determined that the continued requirement to file a Form 8911, *Alternative Fuel Vehicle Refueling Property Credit* (or successor form as the Secretary prescribes), is unlikely to involve significant administrative costs beyond what was previously required.

Accordingly, the Secretary certifies that these proposed regulations will not have a significant economic impact on a substantial number of small entities. The Treasury Department and the IRS request comments that provide data, other evidence, or models that provide insight on this issue.

IV. *Unfunded Mandates Reform Act*

Section 202 of the Unfunded Mandates Reform Act of 1995 requires that agencies assess anticipated costs and benefits and take certain other actions before issuing a final rule that includes any Federal mandate that may result in expenditures in any one year by a State, local, or Tribal government, in the aggregate, or by the private sector, of $100 million in 1995 dollars, updated annually for inflation. This proposed rule does not include any Federal mandate that may result in expenditures by State, local, or Tribal governments, or by the private sector in excess of that threshold.

V. *Executive Order 13132: Federalism*

Executive Order 13132 (Federalism) prohibits an agency (to the extent practicable and permitted by law) from promulgating any regulation that has federalism implications, unless the agency meets the consultation and funding requirements of section 6 of the Executive order, if the rule either imposes substantial, direct compliance costs on State and local governments, and is not required by statute, or preempts State law. This proposed rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive order.

**Comments and Requests for a Public Hearing**

Before these proposed regulations are adopted as final regulations, consideration will be given to any comments that are submitted timely to the IRS as prescribed in this preamble under the **ADDRESSES** heading.

The Treasury Department and the IRS request comments on all aspects of the proposed regulations. Any comments submitted will be made available at *https://www.regulations.gov* or upon request.

A public hearing will be scheduled if requested in writing by any person who timely submits electronic or written comments. Requests for a public hearing are also encouraged to be made electronically. If a public hearing is scheduled, notice of the date and time for the public hearing will be published in the ***Federal Register***.

**Statement of Availability of IRS Documents**

The IRS Revenue Procedures, Notices, and other guidance cited in this preamble are published in the *Internal Revenue Bulletin* and is available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC, 20402, or by visiting the IRS website at *https://www.irs.gov*.

**Drafting Information**

The principal author of the proposed regulations is the Office of Associate Chief Counsel (Passthroughs & Special Industries). However, other personnel from the Treasury Department and the IRS participated in the development of the proposed regulations.

**List of Subjects in 26 CFR Part 1**

Income taxes, Reporting and recordkeeping requirements.

**Proposed Amendments to the Regulations**

Accordingly, the Treasury Department and the IRS propose to amend 26 CFR part 1 as follows:

**PART 1 – INCOME TAXES**

**Paragraph 1.** The authority citation for part 1 is amended by:

1. Adding entries for §§1.30C-1 and 1.30C-2 in numerical order;

2. Revising the entry for §1.30C-3; and

3. Adding entries for §§1.30C-4, 1.48-9(e)(10), and 1.48E-2(g)(6) in numerical order.

The additions and revisions read in part as follows:

**Authority:** 26 U.S.C. 7805 * * *

* * * * *

Section 1.30C-1 also issued under 26 U.S.C. 30C(h).

Section 1.30C-2 also issued under 26 U.S.C. 30C(h).

Section 1.30C-3 also issued under 26 U.S.C. 30C(g)(4) and (h).

Section 1.30C-4 also issued under 26 U.S.C. 30C(e)(5) and (h).

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Section 1.48-9(e)(10) also issued under 26 U.S.C. 48(a)(16).

* * * * *

Section 1.48E-2(g)(6) also issued under 26 U.S.C. 48E(i).

* * * * *

**Par. 2.** Sections 1.30C-0 through 1.30C-2 are added to read as follows:

* * * * *

1.30C-0 Table of contents.

1.30C-1 Credit for alternative fuel vehicle refueling property; Definitions.

1.30C-2 General rules.

* * * * *

**§1.30C-0 Table of contents.**

This section lists the captions contained in §§1.30C-1 through 1.30C-4.

(i) Facts.

(ii) Analysis.

(e) Applicability date.

*§1.30C-4 Special rules.*

(a) No credit allowable in certain circumstance.

(1) Property used outside the United States.

(2) Property placed in service in a United States territory.

(3) Section 179.

(b) Recapture.

(1) In general.

(2) Recapture event.

(3) Property placed in service in a location that ceases to be in a qualified census tract.

(4) Recapture amount.

(i) In general.

(ii) Special rule for apportioned-use property.

(5) Basis adjustment.

(c) Property used by a tax-exempt or governmental entity.

(1) In general.

(2) Interaction with section 6417.

(d) Dual-use property.

(1) Dual use property used for dispensing or storing qualified alternative fuel and conventional fuel.

(2) Qualified alternative fuel storage.

(3) Dual use property used to store or transmit electricity for charging a motor vehicle and for other purposes.

(4) Example.

(i) Facts.

(ii) Analysis.

(e) Applicability date.

**§1.30C-1 Credit for alternative fuel vehicle refueling property; Definitions.**

(a) *In general*. The section 30C regulations (as defined in paragraph (b)(23) of this section) apply for purposes of determining the availability and amount of any credit that is allowed to a taxpayer by section 30C(a) of the Code (as defined in paragraph (b)(24)(ii) of this section) with respect to any 30C property (as defined in paragraph (b)(1) of this section) placed in service by the taxpayer during the taxable year. Paragraph (b) of this section provides definitions of terms for purposes of applying section 30C and the section 30C regulations. *See* §1.30C-2 for general rules for determining the amount of the allowed section 30C credit. *See* §1.30C-3 for rules relating to the increased section 30C credit amount for satisfying prevailing wage and apprenticeship requirements. *See* §1.30C-4 for special rules.

(b) *Definitions*. The definitions in this section apply for purposes of section 30C and the section 30C regulations.

(1) *30C property. 30C property* is any applicable property described in paragraph (b)(1)(i) or (ii) of this section that also meets the requirements of paragraph (b)(1)(iii) of this section.

(i) *Applicable property*. *Applicable property* is any property (other than real property and a building and its structural components) that is comprised of components that are functionally interdependent—

(A) For the storage or dispensing of a qualified alternative fuel into the fuel tank of a motor vehicle propelled by such fuel, but only if the storage or dispensing of the fuel is located at the point where such fuel is delivered into the fuel tank of the motor vehicle (refueling property); or

(B) For the recharging of motor vehicles propelled by electricity, but only if the property is located at the point where the motor vehicles are recharged (recharging property).

(ii) *Property integral to refueling property or recharging property*. If applicable, the term *applicable property* also includes property the purpose of which is described in paragraph (b)(1)(i)(A) or (B) of this section that is an integral part of refueling property or recharging property.

(iii) *Other requirements*. To be 30C property, any applicable property must also meet the following requirements—

(A) The property is of a character subject to an allowance for depreciation, or installed on property that is used as the principal residence of the taxpayer (within the meaning of section 121 of the Code);

(B) The original use of the property begins with the taxpayer; and

(C) The property is placed in service (as defined in §1.30C-2(b)(6)) in an eligible census tract as described in §1.30C-2(c).

(2) *45Z transportation fuel*. *45Z transportation fuel* means any transportation fuel (as defined in section 45Z(d)(5) of the Code) produced after December 31, 2024.

(3) *Building and structural components*. *Building and structural components* has the same meaning as in §1.48-1(e).

(4) *Census block*. *Census block* means the smallest geographic area for which the Census Bureau collects and tabulates decennial census data.

(5) *Charger*. *Charger* means a device with one or more charging ports and connectors for charging electric vehicles.

(6) *Charging port*. *Charging port* means the system within a charger that charges one motor vehicle. A charging port may have multiple connectors, but it can provide power at the port's rated electrical output to charge only one motor vehicle through one connector at a time.

(7) *Clean burning fuel*. *Clean burning fuel* means—

(i) Any qualified alternative fuel; or

(ii) Electricity.

(8) *Connector*. *Connector* means the device that attaches an electric vehicle to a charging port to transfer electricity.

(9) *Conventional fuel*. *Conventional fuel* means any fuel that is not a clean burning fuel. Conventional fuel includes diesel fuel that is not in a qualifying biodiesel mixture and gasoline.

(10) *Conventional refueling property*. *Conventional refueling property* means property that is used to dispense or store only conventional fuel.

(11) *Electric vehicle*. *Electric vehicle* means a motor vehicle that is either partially or fully powered by electric power received from an external power source.

(12) *Fuel dispenser*. *Fuel dispenser* means, in the case of refueling property, the unit through which fuel is dispensed into the fuel tank of a motor vehicle, if such unit is capable of fueling at or above the dispenser's minimum rate of fueling and has at least one hose and nozzle, and optionally a meter, valve, controller, and enclosure.

(13) *Fuel tank*. *Fuel tank* means, in the case of a motor vehicle propelled by qualified alternative fuel, the tank that supplies fuel to the propulsion engine of the motor vehicle or, in the case of a fuel cell electric vehicle, the tank that supplies fuel to the fuel cell of the motor vehicle.

(14) *Functionally interdependent*. Components are *functionally interdepen-*

*dent* if the placing in service of each component is dependent upon the placing in service of each of the other components in order to refuel or recharge a motor vehicle.

(15) *Integral part*. Property is an *integral part* of a refueling or recharging property if it is used directly in the intended function of the refueling property or recharging property and is essential to the completeness of the intended function, meets all of the requirements for 30C property described in paragraph (b)(1)(iii) of this section, is owned by the taxpayer that owns the refueling property or recharging property, and is specifically designed to be integrated with the refueling property or recharging property with which it is associated.

(16) *Located at the point*—(i) *Refueling property*. For purposes of determining whether property is considered refueling property, and therefore 30C property, *located at the point* means the point where fuel is delivered into the fuel tank of the motor vehicle. Property will be considered located at the point where fuel is delivered into the fuel tank of the motor vehicle if such property is located at the same or immediately adjacent physical address as such fuel delivery point.

(ii) *Recharging property*. For purposes of determining whether property is considered recharging property, and therefore 30C property, *located at the point* means the point where the motor vehicles are recharged. Property will be considered located at the point where the motor vehicles are recharged if it is located at the same or immediately adjacent physical address as such recharging point. Property that is a component of a motor vehicle and is necessary for the propulsion of that vehicle is considered part of the vehicle rather than recharging property and is therefore not 30C property.

(17) *Motor vehicle*—(i) *In general*. *Motor vehicle* means any vehicle that has at least 4 wheels and is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails).

(ii) *2- or 3-wheeled motor vehicle*. For purposes of §1.30C-2(c)(5), *motor vehicle* also includes any vehicle that has 2 or 3 wheels, is manufactured primarily for use on public streets, roads, or highways (not including a vehicle operated exclusively on a rail or rails), and is propelled by electricity.

(18) *Original use*. *Original use* has the same meaning as in §1.48-2(b)(7).

(19) *Population census tract*. *Population census tract* means the small-area geographic divisions of a county or statistically equivalent entity defined for the tabulation and presentation of data from the decennial census and selected other statistical programs, as defined by the U.S. Bureau of the Census (Census Bureau). Population census tracts are comprised of census blocks. The Census Bureau assigns to each population census tract a unique 11-digit census tract Geographic Identifier (GEOID). An 11-digit census tract GEOID is a GEOID (a numeric identifier associated with a geographic area) defined by the Census Bureau and comprised of a 2-digit State GEOID, 3-digit county GEOID, and 6-digit census tract GEOID. The 11-digit census tract GEOID provides a unique identifier for each population census tract in the United States, including tracts in the U.S. territories. The 11-digit census tract GEOIDs may vary for any individual latitude/longitude point based on different census tract boundary delineation dates over time.

(20) *Qualified alternative fuel*. *Qualified alternative fuel* is a fuel meeting one of the following conditions—

(i) At least 85 percent of its volume consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen;

(ii) It is a qualifying biodiesel mixture; or

(iii) It is 45Z transportation fuel.

(21) *Qualifying biodiesel mixture*. *Qualifying biodiesel mixture* means a mixture of biodiesel (as defined in section 40A(d)(1) of the Code) and diesel fuel (as defined in section 4083(a)(3) of the Code) if such mixture contains at least 20 percent biodiesel. For this purpose, any kerosene in a mixture—

(i) Is disregarded in determining whether the mixture is a mixture of biodiesel and diesel fuel; and

(ii) Is taken into account in determining whether the mixture contains at least 20 percent biodiesel.

(22) *Section 30C credit*. The term *section 30C credit* means the credit allowed by section 30C(a) to a taxpayer to claim against the tax imposed by chapter 1 (as defined in paragraph (b)(24)(i) of this section) of an amount equal to a percentage of the cost of 30C property placed in service by the taxpayer during the taxable year, subject to limitations described in section 30C(b) and the section 30C regulations.

(23) *Section 30C regulations*. The term *section 30C regulations* means this section and §§1.30C–2 through 1.30C-4.

(24) *Statutory references*—(i) *Chapter 1*. The term *chapter 1* means chapter 1 of the Code.

(ii) *Code*. The term *Code* means the Internal Revenue Code.

(25) *Storage property*—(i) *In general*. *Storage property* means qualified alternative fuel storage property and electrical energy storage property.

(ii) *Qualified alternative fuel storage property*. *Qualified alternative fuel storage property* means property used for the storage of qualified alternative fuel, but only if such storage property is located at the point where the motor vehicles are refueled. For example, in the case of hydrogen energy storage property, such property may include but is not limited to a hydrogen compressor and associated storage tank and an underground storage facility and associated compressors.

(iii) *Electrical energy storage property*. *Electrical energy storage property* means property that receives, stores, and delivers energy for conversion to electricity, but only if such storage property is located at the point where the motor vehicles are recharged. For example, electrical energy storage property may include but is not limited to rechargeable electrochemical batteries of all types (such as lithium ion, vanadium flow, sodium sulfur, and lead-acid).

(c) *Applicability date*. This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the ***Federal Register***].

**§1.30C-2 General rules.**

(a) *Amount of credit*—(1) *In general*. Section 30C(a) of the Code allows a taxpayer to claim as a credit against the tax

imposed by chapter 1 an amount equal to a percentage of the cost of 30C property placed in service by the taxpayer during the taxable year, subject to certain dollar-amount limitations described in section 30C(b) and paragraph (a)(4) of this section.

(2) *Applicable percentages*—(i) *Property of a character subject to an allowance for depreciation*. In the case of property of a character subject to an allowance for depreciation, the section 30C credit is an amount equal to 6 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year. For 30C property placed in service by certain tax-exempt organizations and governmental units described in section 50(b)(3) and (4) of the Code, see sections 30C(e)(2) and 6417(d)(2) of the Code and §1.6417-2(c).

(ii) *Projects meeting the prevailing wage and apprenticeship (PWA) requirements*. In the case of any 30C project (as described in §1.30C-3(b)(2)) that satisfies the prevailing wage and registered apprenticeship requirements of section 30C(g) and §1.30C-3 (PWA requirements), the section 30C credit for the cost of any 30C property in such project placed in service by the taxpayer during the taxable year is multiplied by 5.

(iii) *Property not subject to an allowance for depreciation*. In the case of property of a character not subject to an allowance for depreciation, the section 30C credit is an amount equal to 30 percent of the cost of any 30C property placed in service by the taxpayer during the taxable year provided that such property is installed on property that is used as the taxpayer's principal residence (within the meaning of section 121 of the Code).

(3) *Apportionment of section 30C credit between business and personal use*. In the case of depreciable 30C property installed at the taxpayer's principal residence, the business use of which is more than 50 percent of a taxpayer's total use of the property for the taxable year in which the property is placed in service, the taxpayer's section 30C credit for that taxable year with respect to that 30C property is treated as a general business credit under section 30C(d)(1) and paragraph (a)(2)(i) of this section (and not allowed under section 30C(a) or paragraph (a)(2)(iii) of this section). If the business use of such 30C property is 50 percent or less of a taxpayer's total use of the property for the taxable year in which the property is placed in service (apportioned-use property), the taxpayer's section 30C credit for that taxable year with respect to that property must be apportioned as provided in paragraphs (a)(3)(i) and (ii) of this section:

(i) *Business use portion*. The portion of the section 30C credit corresponding to the percentage of the taxpayer's business use of the 30C property is treated as a general business credit under section 30C(d)(1) and paragraph (a)(2)(i) of this section (and not allowed under section 30C(a) or paragraph (a)(2)(iii) of this section).

(ii) *Personal use portion*. The portion of the section 30C credit corresponding to the percentage of the taxpayer's personal use of the 30C property is treated as a section 30C credit allowed under section 30C(a) pursuant to section 30C(d)(2) and paragraph (a)(2)(iii) of this section.

(4) *Dollar-amount limitations*—(i) *In general*. The section 30C credit allowed with respect to any single item of 30C property placed in service by the taxpayer during the taxable year cannot exceed—

(A) $100,000 in the case of any such item of property of a character subject to an allowance for depreciation; and

(B) $1,000 in any other case.

(ii) *Apportioned-use property*. In the case of apportioned-use property described in paragraph (a)(3) of this section, the dollar-amount limitation must be apportioned in the same manner as the taxpayer's section 30C credit. For example, in the case of 30C property the business use of which is 40 percent of a taxpayer's total use of the property for the taxable year in which the property is placed in service: the portion treated as a general business credit under section 30C(d)(1) cannot exceed $40,000 ($100,000 multiplied by 40 percent), and the portion treated as a section 30C credit allowed under section 30C(a) cannot exceed $600 ($1,000 multiplied by 60 percent).

(b) *30C property rules*—(1) *Single item of 30C property*. A taxpayer may claim the section 30C credit with respect to 30C property if the taxpayer places in service at least one single item of 30C property as described in paragraph (b)(6) of this section, any other components associated with the item that are functionally interdependent, and, if applicable, any integral part property associated with the item. For purposes of calculating the section 30C credit, a single item of 30C property is–

(i) Each charging port for recharging property;

(ii) Each fuel dispenser for refueling property; or

(iii) Each storage property (for this purpose, a storage system comprised of multiple storage tanks, such as a cascade system, is treated as a single storage property).

(2) *Associated property*. If functionally interdependent property and, if applicable, integral part property that is a part of the 30C property is placed in service by a taxpayer in a taxable year and is associated with one or more single items of 30C property (associated property), then such associated property must be allocated as follows:

(i) If associated property is directly attributable and traceable to a single item of 30C property, then the cost of such associated property is allocated to such single item of 30C property.

(ii) If associated property is directly attributable and traceable to more than one single item of 30C property, then the cost of such associated property is allocated to such single item of 30C property based on the cost of each single item of 30C property. The total cost of such associated property divided among the 30C properties cannot exceed 100 percent of the cost of such associated property.

(3) *Calculating the section 30C credit.* The section 30C credit for each single item of 30C property is the lesser of the tentative section 30C credit for that single item or the dollar-amount limitations in paragraph (a)(4) of this section for that single item. The tentative section 30C credit for each single item of 30C property equals:

(i) The applicable percentage; multiplied by

(ii) The sum of—

(A) The cost of the single item of 30C property;

(B) The cost of associated property that is directly attributable and traceable to the single item of 30C property (as described in paragraph (b)(2)(i) of this section); and

(C) The cost of the ratable share of associated property (as described in paragraph (b)(2)(ii) of this section).

(4) *Special rule for bidirectional charging equipment*. Property will not fail to be treated as 30C property solely because such property is capable of charging the battery of a motor vehicle propelled by electricity and allows discharging electricity from such battery to an electric load external to such motor vehicle.

(5) *Property for the refueling of certain two- and three-wheeled motor vehicles*. 30C property also includes property of a character subject to an allowance for depreciation that is for the recharging of a motor vehicle described in §1.30C-1(b)(17)(ii).

(6) *Placed in service*—(i) *Depreciable property*. 30C property that is depreciable property is considered placed in service in the earlier of the following taxable years:

(A) The taxable year in which, under the taxpayer's depreciation practice, the period for depreciation with respect to such property begins; or

(B) The taxable year in which such property is placed in a condition or state of readiness and availability for a specifically assigned function, whether in a trade or business or in the production of income.

(ii) *Non-depreciable property*. 30C property that is non-depreciable property is considered placed in service when it is installed at the principal residence of the taxpayer and is operational.

(c) *Eligible census tracts*—(1) *Geographic requirement*. To qualify for the section 30C credit, 30C property must be placed in service in an eligible census tract. Eligible census tracts include any population census tract that qualifies as a low-income community census tract or that is a non-urban census tract.

(2) *Low-income community census tract*—(i) *In general*. A population census tract is an eligible *low-income community census tract* for purposes of the section 30C credit if the population census tract meets the requirements of section 45D(e)(1) of the Code (relating to the new markets tax credit), which requires that the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

(ii) *Modification for high migration rural counties*. In the case of a census tract located within a high migration rural county, as defined under section 45D(e)(5) of the Code, such census tract is a low-income community if the median family income for such tract does not exceed 85 percent of statewide median family income.

(3) *Non-urban census tract*. For purposes of the section 30C credit, a non-urban census tract is any population census tract in which at least 10 percent of the census blocks are not designated as urban areas by the Census Bureau.

(4) *Determination of eligibility of specific census tracts*. The Internal Revenue Service (IRS) will periodically publish lists of specific census tracts that meet the criteria in paragraph (c)(1) of this section along with instructions on how taxpayers may determine their census tract identifying numbers in the ***Federal Register*** or Internal Revenue Bulletin (*see* §601.601 of this chapter).

(d) *Reduction in basis*. The basis of any property for which a credit is allowable under section 30C(a) must be reduced by the amount of the credit so allowed (determined without regard to section 30C(d)).

(e) *Examples*. The following examples illustrate the rules of this section.

(1) *Example 1*—(i) *Facts*. A installs a free-standing garage at A's principal residence, which costs $25,000. A installs electric vehicle supply equipment (EVSE), which costs $1,500 and consists of an AC Level 2 charger, charging port, and connector. A also installs a wall mount to support the charging port, which costs $500. The wall mount is specifically designed to be integrated with the EVSE. Finally, A adds a new electric panel and installs conduit/wiring, which together costs $1,000, to connect the charging port to the electrical service line. The new electric panel and conduit/wiring are used exclusively to service the charging port and are required to make the charging port operational. All property is owned by A and is not subject to an allowance for depreciation. All costs include labor costs. The property is placed in service at the time it is installed. A's principal residence is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The charger, charging port, connector, wall mount, electric panel, and conduit/wiring are 30C property under §1.30C-1(b)(1). The charger, connector, and conduit/wiring are functionally interdependent with the charging port (and all of these properties together constitute recharging property under §1.30C-1(b)(1)(i)(B)). The electric panel and wall mount are an integral part of the recharging property under §1.30C-1(b)(1)(ii) and (b)(15). The charger, charging port, connector, wall mount, electrical panel, and conduit/wiring meet the other requirements of §1.30C-1(b)(1)(iii) because the property is installed at A's principal residence, the original use of the property begins with A, and the property is placed in service (as defined in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section. The garage is not 30C property because any building or its structural components are excluded from the definition of 30C property under §1.30C-1(b)(1)(i), and therefore cannot qualify as functionally interdependent with the charging port nor as an integral part of the recharging property.

(B) *Calculation of the credit*. Under paragraph (b)(1)(i) of this section, the charging port is the item of 30C property for purposes of calculating the credit. Further, under paragraph (b)(2) of this section, the charger (excluding the charging port), connector, wall mount, electrical panel, and conduit/wiring are all directly attributable and traceable associated property with respect to the charging port. Under paragraph (b)(3) of this section, the tentative section 30C credit is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the applicable percentage (30%). Here, the cost of the charging port is included in the cost of the EVSE (with the charger and connector), and because the charger includes only a single port, the entire $1,500 is taken into account as either the item of 30C property or as directly attributable and traceable associated property. Thus, the tentative section 30C credit under paragraph (b)(3) of this section is $3,000 ($1,500 for the charger + $500 for the wall mount + $1,000 for the panel and wiring) multiplied by the applicable percentage (30%), which equals $900. Because $900 is less than the $1,000 limit in paragraph (a)(4)(i)(B) of this section, the final section 30C credit is also $900.

(2) *Example 2*—(i) *Facts*. The facts are the same as paragraph (e)(1) of this section (*Example 1*), except that the total cost of all directly attributable and traceable associated property other than the charger (excluding the charging port) is $3,500.

(ii) *Analysis*. Under paragraph (b)(3) of this section, the tentative section 30C credit is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the applicable percentage (30%). As in paragraph (e)(1) of this section (*Example 1*), the cost of the charging port is included in the cost of the EVSE (with the charger and connector), and because the charger includes only a single port, the entire $1,500 is taken into account as either the item of 30C property or as directly attributable and traceable associated property. Thus, the tentative section 30C credit under paragraph (b)(3) of this section is $5,000 ($1,500 for the charger + $3,500 for all directly attributable and traceable associated property) multiplied by the applicable percentage (30%), which equals $1,500. Because $1,500 is greater than

the $1,000 limit in paragraph (a)(4)(i)(B) of this section, the final section 30C credit is $1,000.

(3) *Example 3*—(i) *Facts*. The facts are the same as paragraph (e)(2) of this section (*Example 2*), except that A operates a delivery service and installs the EVSE at her personal residence that she uses to charge both her personal vehicle and her delivery vehicle. Her business use of the EVSE is 40%. The PWA requirements are not satisfied.

(ii) *Analysis*. (A) As in paragraph (e)(2) of this section (*Example 2*), the cost of the charging port is included in the cost of the EVSE (with the charger and connector), and because the charger includes only a single port, the entire $1,500 is taken into account as either the item of 30C property or as directly attributable and traceable associated property. Under paragraph (a)(3) of this section, the 30C property is apportioned-use property. As a result, under paragraph (a)(4)(ii) of this section, the dollar-amount limitation must be apportioned in the same manner as the taxpayer's section 30C credit.

(B) Under paragraph (b)(3) of this section, the tentative section 30C credit for the personal use portion of the 30C property is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the personal use portion (60%), and then multiplied by the applicable percentage (30%). The tentative section 30C credit under paragraph (b)(3) of this section is $5,000 ($1,500 for the charger + $3,500 for all directly attributable and traceable associated property) multiplied by the personal use portion (60%), and then multiplied by the applicable percentage (30%), which equals $900. Because $900 is greater than the $600 limit in paragraph (a)(4)(ii) of this section ($1,000 × 60%), the final section 30C credit for the personal use portion is $600.

(C) Under paragraph (b)(3) of this section, the tentative section 30C credit for the business use portion of the 30C property is the sum of the cost of a single item of 30C property (charging port) and the cost of directly attributable and traceable associated property, multiplied by the business-use portion (40%), and then multiplied by the applicable percentage (6%). The tentative section 30C credit under paragraph (b)(3) of this section is $5,000 ($1,500 for the charger + $3,500 for all directly attributable and traceable associated property) multiplied by the business-use portion (40%), and then multiplied by the applicable percentage (6%), which equals $120. Because $120 is less than the $40,000 limit in paragraph (a)(4)(ii) of this section ($100,000 × 40%), the final section 30C credit for the business-use portion is $120.

(4) *Example 4*—(i) *Facts*. B is a business entity that owns a fleet of medium-duty electric delivery vans. To recharge its electric delivery vans, B installs several properties at the same physical address in the same taxable year. First, B installs 20 direct current fast chargers (DCFCs), that have 2 charging ports each for a total of 40 charging ports. Each DCFC costs $30,000. B also installs a pedestal to support each DCFC, which cost $1,000 each. B additionally installs an electric panel and conduit/wiring, which together cost $50,000, to connect the DCFCs to the electrical service line. Finally, B installs a smart charge management system for $25,000, which is used to control the amount of power dispensed by the DCFCs to meet B's charging needs and prevent equipment overloads. The electric panel and conduit/wiring are used exclusively to service the DCFCs and are necessary to install to make each charging port operational. All property is owned by B. All costs include labor costs. Each of the above properties is property of a character subject to depreciation and is placed in service at the time it is installed. The physical address where B installs these properties is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The DCFCs, pedestals, electric panel, conduit/wiring, and the smart charge management system all constitute 30C property under §1.30C-1(b)(1). Each DCFC and each pedestal is functionally interdependent with the respective charging ports with which they are associated and the conduit/wiring property is functionally interdependent with the entire class of charging ports (and these properties together constitute recharging property under §1.30C-1(b)(1)(i)(B)) and the electric panel and the smart charge management system constitute integral parts of the entire class of charging ports under §1.30C-1(b)(1)(ii) and (b)(15). The DCFCs, pedestals, the electrical panel, conduit/wiring, and the smart charge management system all meet the other requirements of §1.30C-1(b)(1)(iii) because the properties are each subject to an allowance for depreciation, the original use of the properties begins with B, and the properties are placed in service (as described in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit.* (*1*) Under paragraph (b)(1)(i) of this section, each charging port constitutes a separate item of 30C property for purposes of calculating the credit. Additionally, under paragraph (b)(2)(i) of this section, each charger (excluding its respective ports) and each pedestal, electrical panel, and the conduit/wiring are all associated property that is directly attributable to and traceable with respect to their respective charging ports. Further, the electric panel, the conduit/wiring, and the smart charge management system are associated property directly attributable and traceable to more than one single item of 30C property, as described in paragraph (b)(2)(ii) of this section, because they are not directly attributable and traceable to any single charging port.

(*2*) Under paragraph (b)(3) of this section, B's tentative section 30C credit for each single item of 30C property (each charging port) is the sum of the cost of that single item of 30C property (each charging port), the cost of directly attributable and traceable associated property, and the ratable share of the cost of other associated property multiplied by the applicable percentage as described in paragraph (a)(2) of this section (6% or 30%, depending on whether the PWA requirements are satisfied).

(*3*) Because each DCFC charger costs $30,000 and each has 2 charging ports, the cost of each port is $15,000 ($30,000 ÷ 2). Additionally, because each pedestal supports a charger with 2 ports and costs $1,000, the cost attributable to each port is $500 ($1,000 ÷ 2). The costs of the electric panel and the conduit/wiring are allocated ratably based on the cost per charging port ($50,000 ÷ 40 = $1,250). Similarly, the cost of the smart charge management system is also allocated ratably based on the cost per charging port ($25,000 ÷ 40 = $625).

(*4*) B should therefore calculate a separate section 30C credit for each single item of 30C property (that is, each of the 40 charging ports) by adding the cost of the charging port ($15,000) to the cost ($500) of directly attributable and traceable associated property (respective pedestal) and to the ratable shares ($1250 + $625) of the two functionally interdependent and integral part properties (panel, including its conduit/wiring, and the smart charge management system). The sum of these costs is $17,375 for each charging port.

(*5*) If B does not meet the PWA requirements, B's tentative section 30C credit for each charging port is $17,375 multiplied by the applicable percentage (6% under paragraph (b)(3)(i) of this section), which equals $1,042.50. Because $1,042.50 is less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each charging port is also $1,042.50. B's total section 30C credit is $41,700, the sum of the section 30C credit for each charging port that B placed in service ($1,042.50 × 40) in the taxable year.

(*6*) If B meets the PWA requirements, B's tentative section 30C credit for each charging port is $17,375 multiplied by the increased applicable percentage (30%) under paragraph (b)(3)(i) of this section, which equals $5,212.50. Because $5,212.50 is less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each charging port is also $5,212.50. B's total section 30C credit is $208,500, the sum of the section 30C credit for each charging port that B placed in service ($5,212.50 × 40) during the taxable year. The fact that this total credit exceeds the $100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $100,000 limit applies on a per-item basis and not as an aggregate limit.

(5) *Example 5*—(i) *Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B places in service the electric panel, conduit/wiring, smart charge management system, and 10 DCFCs in Year 1. In Year 2, B then installs and places in service the other 10 DCFCs.

(ii) *Analysis*—(A) *30C property.* Under paragraph (a) of this section, the amount of the credit, generally, is determined based on a percentage of the cost of 30C property placed in service, as defined under paragraph (b)(6) of this section, by a taxpayer during a taxable year. In this example, B has placed in service 10 DCFCs, and certain integral part property and property that is functionally interdependent to all 20 DCFCs in one tax year, while placing in service 10 more DCFCs in a different tax year. B will, therefore, include the electric panel, conduit/wiring, smart charge management system, and 10 pedestals and 20 ports (that is, the 10 DCFCs placed in service in year 1) in calculating the Year 1 section 30C credit. In Year 2, B will only include in calculating B's total section 30C credit, the 10 pedestals and 20 ports installed in year 2.

(B) *Calculation of the credit.* (*1*) For year 1 the cost of each DCFC charger is still $30,000 and

the cost of each port is still $15,000. Additionally, the cost for the pedestals attributable to each port is still $500. The costs of the electric panel and the conduit/wiring are allocated ratably based on the cost per charging port placed in service in the same taxable year ($50,000 ÷ 20 = $2,500). Similarly, the cost of the smart charge management system is also allocated ratably based on the cost per charging port placed in service in the same taxable year ($25,000 ÷ 20 = $1,250). The cost for each single item in Year 1 includes the cost of each port ($15,000), the ratable share of the cost of the pedestal ($500), the ratable share of the cost of the electric panel and conduit/wiring ($2,500) and the ratable share of the cost of the smart charge management system ($1,250). The sum of these costs for a single item of 30C property in year 1 is $19,250. If B did not meet the PWA requirements, B's tentative section 30C credit for each charging port is $19,250 multiplied by the 6% applicable rate, which equals $1,155 per single item of 30C property for Year 1. In total, B's section 30C credit for Year 1 would be $ 23,100 ($1,155 × 20). If B does meet the PWA requirements, B's tentative section 30C credit for each port is $5,775, which is the $19,250 cost per single item multiplied by the 30% applicable rate. In total, if B meets the PWA requirements, B's section 30C credit for Year 1 would be $115,500 ($5,775 × 20). The fact that this total credit exceeds the $100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $100,000 limit applies on a per-item basis and not as an aggregate limit.

(*2*) For Year 2, the cost of each port would still be $15,000 and the cost for the pedestals attributable to each port is still $500. The integral part property was already placed in service in Year 1, and therefore, the cost associated with that property is not allocated to the Year 2 property. Therefore, in Year 2, if B does not meet the PWA requirements, B's section 30C credit for each single item is $930 ($15,500 × 6%), and the amount of B's total Year 2 section 30C credit is $18,600 ($930 × 20). If B meets the PWA requirements, B's section 30C credit for each single item is $4,650 ($15,500 × 30%), and B's total Year 2 section 30C credit is $93,000 ($4,650 × 20).

(6) *Example 6*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B begins construction and incurs $100,000 of costs related to the installation of the chargers in Year 1, but no property is placed in service until Year 2.

(ii) *Analysis*. There is no section 30C credit for Year 1 because no 30C property has been placed in service. The 30C property is placed in service in Year 2. In Year 2, the section 30C credit is the same as the Year 1 credit in paragraph (e)(4) of this section (*Example 4*).

(7) *Example 7*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that instead of installing 20 DCFCs, B installs 10 DCFCs, with 2 charging ports each, and 10 AC Level 2 chargers (AC chargers), also with 2 charging ports each. Each AC Level 2 charger costs $10,000. Each DCFC charger still costs $30,000. B also installs a pedestal to support each AC charger, which costs $1,000 each.

(ii) *Analysis*—(A) *30C property*. The analysis for the DCFCs pedestals, electric panel, conduit/wiring, and smart charge management system is the same as in *Example 4* of this paragraph (e). Additionally, the AC chargers also constitute 30C property under §1.30C-1(b)(1). Each AC charger and each pedestal is functionally interdependent with the respective charging ports with which they are associated (and these properties together constitute recharging property under §1.30C-1(b)(1)(i)(B)) and the electric panel, the conduit/wiring property, and the smart charge management system constitute integral parts of all of the DCFC ports and AC charger charging ports under §1.30C-1(b)(1)(ii) and (b)(15). The AC chargers also meet the other requirements of §1.30C-1(b)(1)(iii) because they are subject to an allowance for depreciation, the original use of the properties begins with B, and are placed in service (as defined in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit*. (*1*) Under paragraph (b)(1)(i) of this section, each of the 20 DCFC charging ports and each of the 20 AC charger charging ports constitutes a separate item of 30C property for purposes of calculating the credit. Additionally, under paragraph (b)(2)(i) of this section, each charger (excluding its respective ports) and each pedestal, electrical panel, and the conduit/wiring are all associated property that is directly attributable to and traceable associated property with respect to their respective charging ports. Further, the electric panel, the conduit/wiring, and the smart charge management system are associated property directly attributable and traceable to more than one single item of 30C property, as described in paragraph (b)(2)(ii) of this section, because they are not directly attributable and traceable to any single charging port.

(*2*) Under paragraph (b)(3) of this section, B's tentative section 30C credit for each single item of 30C property (each charging port) is the sum of the cost of that single item of 30C property (each charging port), the cost of directly attributable and traceable associated property, and the ratable share of the cost of other associated property multiplied by the applicable percentage as described in paragraph (a)(2) of this section (6% or 30%, depending on whether the PWA requirements are satisfied).

(*3*) B should therefore calculate a separate section 30C credit for each single item of 30C property (that is, each of the 20 DCFC charging ports and each of the 20 AC charger charging ports). Because each of the 10 DCFCs costs $30,000 and each has 2 charging ports, the cost of each DCFC port is $15,000 ($30,000 ÷ 2). Similarly, because each of the 10 AC chargers costs $10,000 and each has 2 charging ports, the cost of each AC charger charging port is $5,000 ($10,000 ÷ 2). To calculate the credit, B should add the cost of the charging port ($15,000 for the DCFC ports and $5,000 for the AC charger charging ports) to the allocable costs of the associated properties. Because each pedestal costs $1,000 and supports a single charger that has 2 ports, the cost attributable to each port (both the DCFC and AC charger charging ports) is $500 ($1,000 ÷ 2). With respect to the properties whose costs are not directly attributable and traceable to any single port, B must allocate their costs according to each port's ratable share of B's total cost for the 40 ports. Because the 20 DCFC ports cost a total of $300,000 (20 × $15,000) and the 20 AC charger charging ports cost only $100,000 in total (20 × $5,000), B should allocate 75% of these costs to the 20 DCFC ports and 25% of these costs to the AC charger charging ports. Therefore, $1,875 (($50,000 × 75%) ÷ 20) of the cost of the electric panel and conduit/wiring is attributable to each of the 20 DCFC charging ports, and $625 (($50,000 × 25%) ÷ 20) is attributable to each of the 20 AC charger ports. Similarly, the cost of the smart charge management system is allocated in the same ratio, with $937.50 (($25,000) × 75%) ÷ 20) allocated to each DCFC port, and $312.50 (($25,000 × 25%) ÷ 20) to each AC charger charging port.

(*4*) Accordingly, If B does not meet the PWA requirements, B's tentative section 30C credit for each DCFC port is $18,312.50 ($15,000 + $500 + $1875 + $937.50) multiplied by the 6% applicable rate, which equals $1,098.75, and the section 30C credit for each AC charger charging port is $6,437.50 ($5,000 + $500 + $625 + $312.50) multiplied by the 6% applicable rate, which equals $386.25. Because both $1,098.75 and $386.25 are less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each DCFC port is also $1,098.75, and the final section 30C credit for each AC charger charging port is also $386.25. B's total section 30C credit is $29,700 ($21,975 + $7,725), the sum of the section 30C credit for each charging port that B placed in service ($1,098.75 × 20) + ($386.25 × 20) in the taxable year.

(*5*) If B meets the PWA requirements, B's tentative section 30C credit for each DCFC port is $18,312.50 multiplied by the increased applicable percentage (30%) under paragraph (b)(3)(i) of this section, which equals $5,493.75, and its tentative section 30C credit for each AC charger charging port is $6,437.50 multiplied by 30%, or $1,931.25. Because both $5,493.75 and $1,931.25 are less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each DCFC port is also $5,493.75 and the final section 30C credit for each AC charger charging port is also $1,931.25. B's total section 30C credit is $148,500, the sum of the section 30C credit for the 20 DCFC ports that B placed in service ($5,493.75 × 20 = $109,875) plus the sum of the section 30C credit for the 20 AC charger charging ports that B placed in service ($1,931.25 × 20 = $38,625) during the taxable year. The fact that this total credit exceeds the $100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $100,000 limit applies on a per-item basis and not as an aggregate limit.

(8) *Example 8*—(i) *Facts*. The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B spends $100,000 improving the land (for example, grading the land, installing a drainage system, and installing a paved surface). B also spends $15,000 on fees related to permitting improvements to the land. Finally, B spends $5,000 on "EV parking only" signs and striping on the pavement needed for the EV to access the charger.

(ii) *Analysis*. The costs for improving the land, associated permitting fees, and signs and striping are

not 30C property because such costs are not functionally interdependent with the chargers or an integral part of the chargers. *See* §1.30C-1(b)(14) and (15). Therefore, the costs that B incurred to improve the land, to add the signage, and to stripe the pavement would not change the amount of the section 30C credit that B may claim.

(9) *Example 9*—(i) *Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B also installs and places in service a battery energy storage system as a backup source of electricity during power outages and to moderate electricity pricing. The battery energy storage system receives, stores, and delivers energy for conversion to electricity, and is located on the same or immediately adjacent physical address as the chargers and charging ports. The battery storage system is only used to support the chargers and does not provide electricity for any other purpose. The battery energy storage system costs $20,000.

(ii) *Analysis*—(A) *30C property.* The battery energy storage system constitutes 30C property under §1.30C-1(b)(1)(i)(B) because it is for the recharging of motor vehicles, (specifically, it is an electrical energy storage property described in §1.30C-1(25)(iii)), and it is located at the point where motor vehicles are recharged under §1.30C-1(b)(16)(ii) because its located on the same or immediately adjacent physical address as B's chargers.

(B) *Calculation of the credit.* (*1*) The battery energy storage system is a single item of 30C property under paragraph (b)(1)(iii) of this section, and it constitutes a separate single item of 30C property from B's charging ports and the properties associated with the charging ports. Therefore, B should calculate the section 30C credit for the battery storage system separately from its credit arising from its costs for these other properties. B also should not allocate the cost of the battery energy storge system among the charging ports.

(*2*) Accordingly, if B does not meet the PWA requirements, B's tentative section 30C credit for the battery energy storage system is $1,200 ($20,000 × 6%). Because this $1,200 amount is less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for the battery energy storage system is also $1,200. If B meets the PWA requirements, B's tentative section 30C credit for the battery energy storage system is $6,000 ($20,000 × 30%). Because this $6,000 amount is less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for the battery energy storage system is also $6,000. It would not be relevant if B claimed $100,000 or more in section 30C credits for other items of 30C property because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $100,000 limit applies on a per-item basis and not as an aggregate limit.

(*3*) If B claims a section 30C credit for the battery energy storage system, this would render such storage property to be primarily used in the transportation of goods or individuals and not for the production of electricity. As a result, the property would not satisfy the requirements under section 48 or 48E.

(10) *Example 10*—(i) *Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B participates in a local electric company incentive program. The electric company installs the electric panel, conduit/wiring, and load management system, for which the electric company retains ownership.

(ii) *Analysis*—(A) *30C property*. The DCFCs, pedestals, electric panel, conduit/wiring, and the smart charge management system all constitute 30C property, as explained in the analysis under paragraph (e)(4) of this section (*Example 4*). However, B does not own the electric panel, conduit/wiring, and load management system, and, as a result, may not include the cost of that property in calculating B's section 30C credit. B would only calculate the credit based on the 30C property the taxpayer owns, which is the DCFCs and pedestals. The electric company that owns the electric panel, conduit/wiring, and load management system cannot claim a section 30C credit for such property because it does not own the charging ports and therefore does not own a single item of 30C property, which is necessary to claim a section 30C credit. *See* paragraph (b)(1) of this section.

(B) *Calculation of the credit.* (*1*) Under paragraph (b)(3) of this section, B's tentative section 30C credit for each single item of 30C property (each charging port) is the sum of the cost of that single item of 30C property (each charging port), the cost of directly attributable and traceable associated property, and the ratable share of the cost of other associated property multiplied by the applicable percentage as described in paragraph (a)(2) of this section (6% or 30%, depending on whether the PWA requirements are satisfied).

(*2*) To calculate the credit for each single item of 30C property (each of the 40 charging ports) B would add the cost of each charging port ($15,000 ($30,000 ÷ 2)) to the cost ($500 ($1,000 ÷ 2)) of directly attributable and traceable associated property (that is, the respective pedestal). The sum of these costs is $15,500 for each charging port. If B does not meet the PWA requirements, B's tentative section 30C credit for each charging port is $15,500 multiplied by the applicable percentage (6% under paragraph (b)(3)(i)) of this section), which equals $930 per single item. Because this $930 amount is less than the $100,000 credit limit for depreciable property under paragraph (a)(4)(i)(A) of this section, the final section 30C credit for each charging port is $930. The total section 30C credit for B, if B does not meet the PWA requirements is $37,200 ($930 × 40).

(*3*) If B meets the PWA requirements, B's tentative section 30C credit for each charging port is $15,500 multiplied by the increased applicable percentage (30%), which equals $4,650 per single item. B's total section 30C credit, in this example, is $186,000 ($4,650 × 40). The fact that this total credit exceeds the $100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $100,000 limit applies on a per-item basis and not as an aggregate limit.

(11) *Example 11*—(i) *Facts.* The facts are the same as paragraph (e)(4) of this section (*Example 4*), except that B engages with a local utility company providing charging services that installs the 30C property described in paragraph (e)(4) (*Example 4*) at the same physical address in the same taxable year at the utility company's expense, for which the utility company retains ownership.

(ii) *Analysis*. As the owner of the 30C property, the local utility company, and not B, would be eligible for a section 30C credit for such property, assuming all other statutory and regulatory requirements are met. The remainder of the analysis is the same as set forth in paragraph (e)(4) of this section (*Example 4*).

(12) *Example 12*—(i) *Facts*. C owns a gasoline station. C decides to add retail hydrogen fueling capability to its existing gasoline station to facilitate the refueling of hydrogen fuel cell vehicles. C installs a bulk hydrogen storage tank ($900,000), cryogenic pumps ($5,000,000), evaporators associated with bulk storage ($700,000), cascade storage system ($1,300,000), electrical supply equipment used only for the hydrogen equipment ($150,000), a high-conductivity concrete pad (necessary to prevent static discharge during fueling), firewalls, and piping (collectively, $550,000) and two hydrogen dispensers ($160,000 each) which include the dispensing control valves, connection hoses, hydrogen meters, and nozzles. All property is owned by C and is located at the point of refueling, meaning it is at the same or immediately adjacent physical address. All costs include labor costs. The property is property of a character subject to depreciation. All property is placed in service in the year it is installed, in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The bulk hydrogen storage tank, cryogenic pumps, evaporators, cascade storage system, electrical supply equipment, high-conductivity concrete pad, firewalls, piping, and two hydrogen dispensers are 30C property under §1.30C-1(b)(1). The cryogenic pumps and electrical supply equipment are functionally interdependent with the cascade high-pressure storage tank under §1.30C-1(b)(1)(i)(A) and (b)(14). The high-conductivity concrete pad, firewalls, and piping are functionally interdependent property with the dispensers, also under §1.30C-1(b)(1)(i)(A) and (b)(14). Collectively, this property is refueling property under §1.30C-1(b)(1)(i)(A). The evaporators are an integral part associated with the bulk hydrogen storage tank under §1.30C-1(b)(1)(i)(B) and (b)(15). The hydrogen storage system, cryogenic pumps, evaporators, cascade storage system, electrical supply equipment, high-conductivity concrete pad, firewalls, piping, and two hydrogen fuel dispensers meet the other requirements of §1.30C-1(b)(1)(iii) because the properties are each subject to an allowance for depreciation, the original use of the properties begins with C, and the properties are placed in service in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit.* (*1*) The bulk hydrogen storage tank system and the cascade high-pressure storage system are each qualified alternative fuel storage property and each is a single item of 30C property under §1.30C-1(b)(1) and paragraph (b)(1) of this section. Although the cascade high-pressure storage system is comprised of multiple storage tanks, the system is treated as a single item of alternative fuel storage property. The dispensers are each single items of 30C property pursuant to §1.30C-1(b)(1) and paragraph (b)(1) of this section.

(*2*) Under paragraph (b)(3) of this section, the tentative section 30C credit for the bulk hydrogen storage tank is the sum of the cost of the bulk hydrogen storage tank plus the cost of the evaporators (that is, the only associated property that is directly attributable and traceable to the bulk hydrogen storage tank), multiplied by the applicable percentage (6% or 30%, depending on whether the PWA requirements are satisfied) pursuant to section 30C(a). Therefore, the tentative section 30C credit for the bulk hydrogen storage tank is $96,000 (($900,000 + $700,000) × 6%) if the PWA requirements are not met, or $480,000 (($900,000 + $700,000) × 30%) if the PWA requirements are met. Under paragraph (b)(3) of this section, the section 30C credit for the bulk hydrogen storage tank, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, is $96,000 if the PWA requirements are not met, or $100,000 if the PWA requirements are met.

(*3*) Under paragraph (b)(3) of this section, the costs taken into account in calculating the tentative section 30C credit for the cascade high-pressure storage system include the costs of any associated property that is directly attributable and traceable to the cascade high-pressure storage system, or a ratable share of the costs if the associated property if it is directly attributable and traceable to more than one item of property. The functionally interdependent property associated with the cascade high-pressure storage tank (that is, the cryogenic pumps and electrical supply equipment) is directly attributable and traceable to the cascade high-pressure storage system and no other item of property. Therefore, the tentative section 30C credit for the cascade high-pressure storage system is the sum of the costs of the cascade storage system and cryogenic pumps, and electrical supply equipment ($1,300,000 + $5,000,000 + $150,000), multiplied by the applicable percentage (6% or 30%, depending on whether the PWA requirements are satisfied). Therefore, the tentative section 30C credit for the cascade high-pressure storage system is $387,000 (($1,300,000 + $5,000,000 + $150,000) × 6%) if the PWA requirements are not met, or $1,935,000 (($1,300,000 + $5,000,000 + $150,000) × 30%) if the PWA requirements are met. Under paragraph (b)(3) of this section, the section 30C credit for the cascade high-pressure storage system, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, is $100,000 if the PWA requirements are not met, or $100,000 if the PWA requirements are met.

(*4*) The high-conductivity concrete pad, firewalls, and piping are functionally interdependent with the fuel dispensers; thus, the high-conductivity concrete pad, firewalls, and piping are associated property under paragraph (b)(2) of this section with respect to the dispensers. Because the high-conductivity concrete pad, firewalls, and piping are directly attributable and traceable to both fuel dispensers and no other single item of 30C property, half of the costs are allocated to each dispenser under paragraph (b)(2)(ii) of this section. Therefore, under paragraph (b)(3) of this section, the tentative section 30C credit for each fuel dispenser is the sum of the cost of each the hydrogen dispenser and half the cost of the high-conductivity concrete pad, firewalls, and piping are multiplied by the applicable percentage (6% or 30%, depending on whether the PWA requirements are satisfied). Therefore, the tentative section 30C credit for each fuel dispenser is $26,100 ($160,000 + ($550,000 ÷ 2) × 6%) if the PWA requirements are not met, or $130,500 (($160,000 + ($550,000 ÷ 2)) × 30%) if the PWA requirements are met. Under paragraph (b)(3) of this section, the final section 30C credit for each fuel dispenser, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, is $26,100 if the PWA requirements are not met, or $100,000 if the PWA requirements are met.

(*5*) If C does not meet the PWA requirements, C's total section 30C credit for the year is $96,000 for the bulk hydrogen storage tank, plus $100,000 for the cascade high-pressure storage tank, plus $26,100 for each fuel dispenser, for a total of $248,200. If C meets the PWA requirements, C's total section 30C credit for the year is $100,000 for the bulk hydrogen storage tank, plus $100,000 for the cascade high-pressure storage tank, plus $100,000 for each fuel dispenser, for a total of $400,000. The fact that this total credit exceeds the $100,000 limit is not relevant because section 30C(b)(1) and paragraph (a)(4)(i)(A) of this section provide that the $100,000 limit applies on a per-item basis and is not an aggregate limit.

(13) *Example 13*—(i) *Facts*. G installs a time-fuel compressed natural gas (CNG) station to refuel its fleet of heavy-duty CNG trucks at a central lot near its warehouse. The station has 10 fuel dispensers. From the existing utility gas meter, G installs a gas line, dryer, filter, and gas compressor, which costs $300,000. The gas compressor flows to buffer storage, which costs $100,000. The buffer storage flows through a temperature compensation unit, which costs $50,000, before flowing through to the dispensers, which dispense the CNG. Each fuel dispenser is capable of fueling at or above the dispenser's minimum rate of fueling, and has one hose and nozzle, which costs $10,000 per fuel dispenser. All property is owned by G and is located at the point of refueling, meaning it is on the same or immediately adjacent physical address. All costs include labor costs. The address where G installs these properties is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The gas line, dryer, filter, gas compressor, buffer storage, temperature compensation unit, and fuel dispensers are 30C property pursuant to §1.30C-1(b)(1) and paragraph (b)(1) of this section. The gas line, dryer, filter, gas compressor, and temperature compensation unit are functionally interdependent with the dispensers pursuant to §1.30C-1(b)(14). Together, these items of property constitute refueling property under §1.30C-1(b)(1)(i)(A). Each fuel dispenser, the gas line, dryer, filter, gas compressor, buffer storage, and temperature compensation unit, all meet the other requirements of §1.30C-1(b)(1)(iii) because the properties are each subject to an allowance for depreciation, the original use of the properties begins with G, and the properties are placed in service (as described in paragraph (b)(6) of this section) in an eligible census tract as described in paragraph (c) of this section.

(B) *Calculation of the credit.* (*1*) Each fuel dispenser is a single item of 30C property pursuant to paragraph (b)(1)(ii) of this section and §1.30C-1(b)(12). The gas line, dryer, filter, gas compressor, and temperature compensation unit are each associated property pursuant to paragraph (b)(2) of this section, and their cost is allocated ratably to each dispenser (($300,000 + $50,000) ÷ 10 = $35,000). The buffer storage is a single item of 30C property pursuant to §1.30C-1(b)(1) and paragraph (b)(1) of this section.

(*2*) If G does not meet the PWA requirements, under paragraph (b)(3)(i) of this section, the tentative section 30C credit for each fuel dispenser is the sum of the cost of that single item of 30C property (that is, the fuel dispenser) ($10,000) and the ratable share of the cost of other associated property ($35,000) multiplied by the applicable percentage (6%), or $2,700, (($10,000 + $35,000) × 6% = $2,700). The tentative section 30C credit for the cost of the buffer storage is the cost of the buffer storage multiplied by the applicable percentage (6%) or $6,000 ($100,000 × 6% = $6,000). Under paragraph (b)(3) of this section, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are not met, the final section 30C credit for each fuel dispenser is $2,700 and the final section 30C credit for the buffer storage is $6,000. The total section 30C credit is $33,000 (($2,700 × 10) + $6,000)).

(*3*) If G meets the PWA requirements, the tentative section 30C credit under paragraph (b)(3) of this section for each dispenser is $13,500, (($10,000 + $35,000) × 30% = $13,500). The tentative section 30C credit for the buffer storage is $30,000 ($100,000 × 30% = $30,000). Under paragraph (b)(3) of this section, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are met, the final section 30C credit for each fuel dispenser is $13,500 and the final section 30C credit for the buffer storage is $30,000. The total section 30C credit is $165,000 (($13,500 × 10) + $30,000)). The fact that this total credit exceeds the $100,000 limit is not relevant because the $100,000 limit applies on a per-item basis and is not an aggregate limit.

(14) *Example 14*—(i) *Facts.* The facts are the same as paragraph (e)(13) of this section (*Example 13*), except that G also installs a local utility line ($400,000) and gas utility meter ($5,000) to service its CNG refueling station. The portion of cost of the local utility line on the same or immediately adjacent physical address as the CNG dispensers is $100,000. The gas utility meter is also on the same or immediately adjacent physical address as the CNG dispensers. All property is owned by G. All costs include labor costs. Each of the above properties is property of a character subject to depreciation and is placed in service at the time it is installed. The physical address where G installs a portion of the local utility line and gas utility meter is located in an eligible census tract as described in paragraph (c) of this section.

(ii) *Analysis*—(A) *30C property*. The portion of the local utility line that is on the same or immediately adjacent physical address as the CNG dispensers and gas utility meter are 30C property pursuant to §§1.30C-1(b)(1) and paragraph (b)(1) of this section. The portion of the local utility line that is on the same or immediately adjacent physical address as the CNG dispensers is located at the point of refueling under §1.30-1(b)(16). (The remaining portion is not located at the point of refueling and is therefore not 30C property.) The gas meter is also located at the point of refueling under §1.30-1(b)(16) because it is on the same or immediately adjacent physical

address as the CNG dispensers. Further, the portion of the local utility line that is on the same or immediately adjacent physical address as the CNG dispensers and the gas meter constitute integral part property with respect to the fuel dispensers under §1.30C-1(b)(15). Together with the gas line, dryer, filter, gas compressor, and temperature compensation unit, the utility line and the gas meter are refueling property under §1.30C-1(b)(1)(i)(A).

(B) *Calculation of the credit.* (*1*) Each fuel dispenser is a single item of 30C property pursuant to paragraph (b)(1)(ii) of this section and §1.30C-1(b)(12). The local utility line and gas utility meter are each associated property pursuant to paragraph (b)(2) of this section. Their costs are allocated ratably to each dispenser (($100,000 + $5,000) ÷ 10 = $10,500) under paragraph (b)(2)(ii) of this section.

(*2*) If G does not meet the PWA requirements, under paragraph (b)(3) of this section, the tentative section 30C credit for each fuel dispenser is the sum of the dispenser, the ratable cost of the gas line, dryer, filter, the gas compressor and temperature compensation unit, and the ratable share of the local utility line and gas utility meter, multiplied by the applicable percentage (6%), or $3,330, (($10,000 + $35,000 + $10,500) × 6% = $3,330). The tentative section 30C credit for the cost of the buffer storage is $6,000 ($100,000 × 6% = $6,000). Under paragraph (b)(3) of this section, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are not met, the final section 30C credit for each fuel dispenser is $3,330 and the final section 30C credit for the buffer storage is $6,000. The total section 30C credit is $39,330 (($3,330 × 10) + $6,000)).

(*3*) If G meets the PWA requirements, the tentative section 30C credit for each dispenser is $16,650, (($10,000 + $35,000 + $10,500) × 30% = $16,650). The tentative section 30C credit for the cost of the buffer storage is $30,000 ($100,000 × 30% = $30,000). Under paragraph (b)(3) of this section, after applying the $100,000 limitation in paragraph (a)(4)(i)(A) of this section, if the PWA requirements are met, the final section 30C credit for each fuel dispenser is $16,650 and the final section 30C credit for the buffer storage is $30,000. The total section 30C credit is $196,500 (($16,650 × 10) + $30,000)). The fact that this total credit exceeds the $100,000 limit is not relevant because the $100,000 limit applies on a per-item basis and is not an aggregate limit.

(15) *Example 15*—(i) *Facts.* W installs a refueling station that is used to refuel forklift trucks with qualified alternative fuel.

(ii) *Analysis*. The refueling station is not 30C property under §1.30C-1(b)(1) and paragraph (b)(1) of this section. Section 1.30C-1(b)(1)(i)(A) requires that 30C property must be used to store or dispense qualified alternative fuel at the point where the fuel is dispensed into the fuel tank of a "motor vehicle." Although a forklift truck occasionally may be operated on public roads, it is manufactured primarily for hauling loads in factories, warehouses, and other similar settings, and not for use on public streets, roads, and highways. Therefore, a forklift truck is not a "motor vehicle" for purposes of the section 30C credit under §1.30C-1(b)(17).

(f) *Claim requirements*. A taxpayer claiming the section 30C credit must attach a Form 8911, *Alternative Fuel Vehicle Refueling Property Credit*, or any successor form required by the IRS, completed in accordance with the form instructions, and file it with the return on which the section 30C credit is claimed.

(g) *Applicability date*. This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the ***Federal Register***].

**Par. 3.** Section 1.30C-3 is revised to read as follows:

**§1.30C-3 Rules relating to the increased credit amount for prevailing wage and apprenticeship.**

(a) *In general*. If any qualified alternative fuel vehicle refueling project (as defined by section 30C(g)(1)(B)) (30C project) placed in service during the taxable year satisfies the requirements in paragraph (b) of this section, the credit determined under section 30C(a) for any 30C property of a character subject to an allowance for depreciation that is part of such 30C project is multiplied by five.

(b) *30C project requirements*—(1) *In general*. A 30C project satisfies the requirements of this paragraph (b) if it is one of the following—

(i) A project the construction of which began prior to January 29, 2023; or

(ii) A project that meets the prevailing wage requirements of section 45(b)(7) of the Code and §1.45–7, the apprenticeship requirements of section 45(b)(8) and §1.45–8, and the recordkeeping and reporting requirements of §1.45-12, all with respect to the construction of any 30C property within the meaning of section 30C and the section 30C regulations before such 30C property is placed in service.

(2) *Determination of a project*. Multiple 30C properties will be treated as a single 30C project if the items of property are constructed and operated on a contiguous piece of land, owned by a single taxpayer (subject to the related taxpayer rule provided in paragraph (b)(3) of this section), placed in service in a single taxable year, and one or more of the following factors is present:

(i) The properties are described in one or more common environmental or other regulatory permits;

(ii) The properties are constructed pursuant to a single master construction contract; or

(iii) The construction of the properties is financed pursuant to the same loan agreement.

(3) *Related taxpayers*—(i) *Definition*. For purposes of this section, the term *related taxpayers* means members of a group of trades or businesses that are under common control (as defined in §1.52-1(b)).

(ii) *Related taxpayer rule*. For purposes of this section, related taxpayers are treated as one taxpayer in determining whether multiple properties are treated as a 30C project with respect to which a section 30C credit may be determined.

(c) *Coordination with 30C(e)(2) and §1.30C-4(c)*. If a person who sells 30C property, the use of which is described in section 50(b)(3) or (4) and which is not subject to a lease, is treated as the taxpayer that placed such property in service under section 30C(e)(2), such person will be treated as the taxpayer responsible for satisfying the recordkeeping and reporting requirements of §1.45-12.

(d) *Examples*. The following examples illustrate the rules of this section.

(1) *Example 1*—(i) *Facts.* D owns and operates electric charging stations. In Year 1, D places in service five chargers, each with one charging port, on Parcel 1. In the same year, D also places in service three chargers, each with one charging port, on Parcel 2. Parcel 1 and Parcel 2 are a mile apart from each other. D submits a single environmental permit covering both charging stations and obtains financing pursuant to the same loan agreement. D meets the requirements of section 30C(g) and this section (that is, the PWA requirements) for the chargers installed on Parcel 1 but does not meet the PWA requirements for the chargers installed on Parcel 2. The chargers installed on Parcel 1 and Parcel 2 are depreciable property and meet all other requirements to be 30C property.

(ii) *Analysis*. Under paragraph (b)(2) of this section, the chargers placed in service on Parcel 1 are treated as a separate 30C project from the chargers placed in service on Parcel 2 because the properties are not on contiguous piece of land. Therefore, under §1.30C-2(a)(2)(ii), D is eligible for a credit of 30 percent of the cost of the five chargers placed in service on Parcel 1, but only 6 percent of the cost of the three chargers placed in service on Parcel 2 under §1.30C-2(a)(2)(i).

(2) *Example 2*—(i) *Facts.* The facts are the same as paragraph (d)(1) of this section (*Example 1*), except that Parcel 1 and Parcel 2 are contiguous pieces of land.

(ii) *Analysis*. Under paragraph (b)(2) of this section, the chargers installed on Parcel 1 and Parcel 2 are treated as a single 30C project because they are constructed on a contiguous piece of land, are owned, and operated by a single taxpayer, placed in service by a single taxpayer in a single year, described in a

common environmental permit, and financed pursuant to the same loan agreement. Therefore, because D did not meet the PWA requirements with respect to the chargers placed in service in parcel 2, D is eligible for only the 6 percent credit for both the parcel 1 and parcel 2 property under §1.30C-2(a)(2)(i).

(e) *Applicability date*. This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the ***Federal Register***].

**Par. 4.** Section 1.30C-4 is added to read as follows:

**§1.30C-4 Special rules.**

(a) *No credit allowable in certain circumstance*—(1) *Property used outside the United States*. Except as provided in paragraph (a)(2) of this section, pursuant to sections 30C(e)(3) and 50(b)(1) of the Code, no section 30C credit is allowable with respect to any property placed in service for use predominantly outside the United States.

(2) *Property placed in service in a United States territory*. Pursuant to sections 30C(e)(3), 50(b)(1) and 168(g)(4)(G) of the Code, paragraph (a)(1) of this section does not apply to 30C property that is owned by a domestic corporation or by a United States citizen (other than a citizen entitled to the benefits of section 931 or 933 of the Code) and that is used predominantly in a territory of the United States by such a corporation or such a citizen, or by a corporation created or organized in, or under the law of, a territory of the United States.

(3) *Section 179*. No section 30C credit is allowable with respect to the portion of the cost of any property taken into account under section 179 of the Code.

(b) *Recapture*—(1) *In general*. The rules in this paragraph (b) provide for recapturing the benefit of any allowable section 30C credit with respect to any property that ceases to be property eligible for such credit. If a recapture event occurs with respect to a taxpayer's 30C property, the taxpayer must include the recapture amount in taxable income under chapter 1 of the Code for the taxable year in which the recapture event occurs (recapture year).

(2) *Recapture event*. A recapture event occurs if, within three years of the property being placed in service–

(i) The taxpayer claiming the section 30C credit modifies the property such that the property no longer qualifies as 30C property;

(ii) Unless the property is subject to section 6417(d)(2)(B) of the Code, the depreciable property (other than apportioned-use property) ceases to be used predominantly in a trade or business (that is, 50 percent or more of the use of the 30C property in a taxable year is for use other than in a trade or business);

(iii) For apportioned-use property, the 30C property completely ceases to be used in a trade or business, but continues to be used for personal use; or

(iv) The taxpayer claiming the section 30C credit sells or disposes of the 30C property and the taxpayer knows or has reason to know that the property will be used in a manner described in paragraph (b)(2)(i) or (ii) of this section. Any other sale or disposition (including a disposition by reason of an accident or other casualty) of 30C property is not a recapture event.

(3) *Property placed in service in a location that ceases to be in a qualified census tract*. 30C property is not subject to the recapture provisions of this paragraph (b) solely because it is placed in service in a location that subsequently ceases to be in a qualified census tract.

(4) *Recapture amount*—(i) *In general*. The recapture amount is generally equal to the benefit of the section 30C credit allowable multiplied by a fraction, the numerator of which is three minus the number of years prior to, but not including, the recapture year, and the denominator of which is three.

(ii) *Special rule for apportioned-use property*. For purposes of the calculation described in paragraph (b)(4)(i) of this section with respect to apportioned-use property, the benefit of the section 30C credit is equal to the difference between the credit claimed by the taxpayer and the credit that would have been allowed if the apportioned-use property were used solely for personal use under §1.30C-2(a)(2)(iii) (as limited by §1.30C-2(a)(4)(i)(B)).

(5) *Basis adjustment*. As of the first day of the recapture year, the basis of the 30C property is increased by the recapture amount. For 30C property that is of a character that is subject to an allowance for depreciation, including property subject to section 6417(d)(2)(B), this increase in basis is recoverable over its remaining recovery period beginning as of the first day of the taxable year in which the recapture event occurs.

(c) *Property used by a tax-exempt or governmental entity*—(1) *In general*. Except as provided in paragraph (c)(2) of this section, if a person sells 30C property, the use of which is described in section 50(b)(3) or (4) (generally, property used by certain tax-exempt organizations, governmental entities, or foreign persons or entities), such person or entity purchasing the property uses the property as described in section 50(b)(3) or (4), the property is not subject to a lease, and the seller clearly discloses to the person or entity using such property in a document the amount of any credit allowable under section 30C(a) with respect to such property (determined without regard to section 30C(d)) and that the seller intends to claim such credit, then the seller is treated as the taxpayer that placed such property in service. For purposes of section 30C(d), property to which this paragraph (c)(1) applies will be treated as of a character subject to an allowance for depreciation.

(2) *Interaction with section 6417*. If the person or entity using 30C property in a manner that would otherwise be considered as described in section 50(b)(3) or (4) notifies the seller in writing of an intent to make an elective payment election pursuant to section 6417(a) with respect to the section 30C credit, then the use of the 30C property is treated as not being described in section 50(b)(3) or (4) for purposes of paragraph (c)(1) of this section. As a result, paragraph (c)(1) will not apply, meaning that the seller will not be treated as having placed the 30C property in service and cannot claim any credit allowable under section 30C(a) with respect to such property. The section 30C credit will only be allowed to one taxpayer for the same 30C property.

(d) *Dual-use property*—(1) *Dual use property used for dispensing or storing qualified alternative fuel and conventional fuel*. In the case of dual-use property that is used to store and/or dispense both qualified alternative fuel and conventional fuel, the cost of the dual-use property is taken into account in computing a taxpayer's

section 30C credit only to the extent such cost exceeds the cost of an equivalent conventional refueling property. For purposes of this paragraph (d)(1), equivalent conventional refueling property is conventional refueling property that is not used to store and/or dispense qualified alternative fuel but is otherwise comparable to the dual-use property and can store and/or dispense the same amount of conventional fuel as the dual-use property.

(2) *Qualified alternative fuel storage*. In the case of dual-use property that is used both to store qualified alternative fuel that is dispensed into the fuel tanks of motor vehicles at the location of the storage facility and to store fuel that is transported to other locations, the cost of the dual-use property is taken into account in computing a taxpayer's section 30C credit only to the extent such cost exceeds the cost of a storage facility that is equivalent to the dual-use property except that it is used for the sole purpose of storing qualified alternative fuel that is transported to other locations and can store the same amount of qualified alternative fuel as the dual-use property stores for transport to other locations.

(3) *Dual use property used to store or transmit electricity for charging a motor vehicle and for other purposes*. In the case of dual-use property that is used to store or transmit electricity both to charge a motor vehicle and for purposes other than charging a motor vehicle, the cost of the dual-use property is taken into account in computing the section 30C credit only to the extent such cost exceeds the cost of equivalent property used for purposes other than charging a motor vehicle.

(4) *Example*—(i) *Facts*. X, a qualified alternative fuel wholesaler and retailer, owns and operates retail qualified alternative fuel filling stations. X maintains a regional hub where it stores qualified alternative fuel that it transports to its retail filling stations, using tanker trucks, for sale to customers. In 2024, X places in service a new storage tank to store qualified alternative fuel and a new fuel dispenser at its regional hub. X uses the new fuel dispenser to fill the fuel tanks of its tanker trucks (meaning it uses the fuel to power the tanker trucks in addition to transporting the fuel to retail locations). Because the amount of fuel used to power the tanker trucks is minimal compared to the fuel transported to the retail locations, the storage tank has the same capacity as the tank that would have been used for the sole purpose of storing the qualified alternative fuel that is supplied to X's customers. X's regional hub is in a non-urban area census tract as described in §1.30C-2(c)(3).

(ii) *Analysis*. The storage tank and dispenser are 30C property within the meaning of §1.30C-1(b)(1). Specifically, they are refueling property within the meaning of §1.30C-1(b)(1)(i)(A) because they are used to store and dispense qualified alternative fuel into the fuel tanks of X's fuel tanker trucks. Additionally, the storage tank and dispenser meet the other requirements under §1.30C-1(b)(1)(iii) because they are of a character subject to an allowance for depreciation (because X uses them in its trade or business), the original use of the property began with X, and X placed the property in service in an eligible census tract. However, the storage tank is dual-use property described in paragraph (d)(2) of this section because it is used both to store qualified alternative fuel that is dispensed into the fuel tanks of motor vehicles at the location of the storage facility (that is, the fuel used to power the tanker trucks) and to store fuel that is transported to other locations. Under paragraph (d)(2), the cost of the storage tank is taken into account in computing the section 30C credit only to the extent that cost exceeds the cost of the storage tank that would have been used for the sole purpose of storing the qualified alternative fuel that is transported to X's retail filling stations. Because no increase in the capacity of the storage tank is needed, none of the storage tank's cost is taken into account in computing the amount of the section 30C credit.

(e) *Applicability date*. This section applies to property placed in service in taxable years ending after [date of publication of final regulations in the ***Federal Register***].

**Par. 5. Section 1.48-9, as proposed to be revised at 88 FR 82188 (November 22,** 2023), is further amended by adding paragraph (e)(10)(vi) to read as follows:

**§1.48-9 Definition of energy property.**

* * * * *

(e) * * *

(10) * * *

(vi) *Property primarily used in the transportation of goods or individuals and not for the production of electricity.* Energy storage property is primarily used in the transportation of goods or individuals and not for the production of electricity, and therefore is not energy storage technology eligible for the section 48 credit, if a credit is claimed under section 30C for such property.

* * * * *

**Par. 6.** Section 1.48E-0, as proposed to be added at 89 FR 47792 (June 3, 2024), is further amended by adding an entry for §1.48E-2(g)(6)(iv), in numerical order, to read as follows:

**§1.48E-0 Table of contents.**

* * * * *

*§1.48E-2 Qualified investments in qualified facilities and EST for purposes of section 48E.*

* * * * *

(g) * * *

(6) * * *

(iv) Property primarily used in the transportation of goods or individuals and not for the production of electricity.

* * * * *

**Par. 7.** Section 1.48E-2, as proposed to be added at 89 FR 47792 (June 3, 2024), is further amended by adding paragraph (g)(6)(iv) to read as follows:

**§1.48E-2 Qualified investments in qualified facilities and EST for purposes of section 48E.**

* * * * *

(g) * * *

(6) * * *

(iv) *Property primarily used in the transportation of goods or individuals and not for the production of electricity*. Energy storage property is primarily used in the transportation of goods or individuals and not for the production of electricity, and therefore is not EST eligible for the section 48E credit, if a credit is claimed under section 30C for such property.

* * * * *

**Par. 8.** Section 1.6417-0 is amended by revising the entry for §1.6417-6(e) to read as follows:

**§1.6417-0 Table of contents.**

* * * * *

*§1.6417-6 Special rules.*

* * * * *

(e) Applicability dates.

**Par. 9.** Section 1.6417-6 is amended by:

1. Adding two sentences to the end of paragraph (b)(1).

2. Revising paragraph (e).

The addition and revision read as follows:

**§1.6417-6 Special rules.**

* * * * *

(b) * * *

(1) * * * For purposes of this paragraph (b)(1), if an applicable credit is subject to section 50, then section 50 applies without regard to section 50(b)(3) and (b)(4)(A)(i). If another provision of the Code contains a basis reduction and/or recapture provision outside of section 50 that impacts the available credit (such as sections 30C(e), 45Q(f)(4), and 48(a)(10)), then the rules of that provision of the Code and the regulations issued under that provision of the Code apply, except that any applicable credit continues to be determined without regard to section 50(b)(3) and (4)(A)(i) and by treating any property with respect to which such credit is determined as used in a trade or business of the applicable entity, consistent with section 6417(d)(2) and §1.6417-2(c).

* * * * *

(e) *Applicability dates*—(1) *In general.* Except as provided in paragraph (e)(2) of this section, this section applies to taxable years ending on or after March 11, 2024. For taxable years ending before March 11, 2024, taxpayers, however, may choose to apply the rules of §§1.6417-1 through 1.6417-4 and this section, provided the taxpayers apply the rules in their entirety and in a consistent manner.

(2) *Paragraph (b)(1)*. The second and third sentences of paragraph (b)(1) of this section apply to property placed in service in taxable years ending after [date of publication of final regulations in the ***Federal Register***].

**Par. 10.** Section 1.6418-0 is amended under the heading §1.6418-5 by:

1. Redesignating the entries for (g) through (j) as (h) through (k);

2. Adding new entry (g); and

3. Revising newly redesignated entry (k).

The addition and revision read as follows:

**§1.6418-0 Table of contents.**

* * * * *

*§1.6418-5 Special rules.*

* * * * *

(g) Notification and impact of recapture under section 30C(e)(5).

* * * * *

(k) *Applicability dates.*

**Par. 11.** Section 1.6418-5 is amended by:

1. Revising paragraph (c).

2. Redesignating paragraphs (g) through (j) as paragraphs (h) through (k), respectively.

3. Adding new paragraph (g).

4. Revising newly redesignated paragraph (k).

The revision and addition read as follows:

**§1.6418-5 Special rules.**

* * * * *

(c) *Basis reduction rules*—(1) *Section 50(c) basis reduction*. In the case of any transfer election under §1.6418-2 or §1.6418-3 with respect to any specified credit portion described in §1.6418-1(c)(2)(ix) through (xi), section 50(c) will apply to the applicable investment credit property (as defined in section 50(a)(6)(A)) as if such credit was allowed to the eligible taxpayer.

(2) *Section 30C(e)(1) basis reduction*. In the case of any transfer election under §1.6418-2 or §1.6418-3 with respect to any specified credit portion described in §1.6418-1(c)(2)(i), section 30C(e)(1) will apply to the 30C property as defined in §1.30C-1(b)(1) as if such credit was allowed to the eligible taxpayer.

* * * * *

(g) *Notification and impact of recapture under section 30C(e)(5)*—(1) *In general.* In the case of any election under §1.6418-2 or §1.6418-3 with respect to any specified credit portion described in §1.6418-1(c)(2)(i), if, during any taxable year, a recapture event as described in §1.30C-4(b)(2) occurs with respect to a 30C property as defined in §1.30C-1(b)(1) within three years of being placed in service, such eligible taxpayer and the transferee taxpayer must follow the notification process in paragraph (g)(2) of this section with recapture impacting the transferee taxpayer as described in paragraph (g)(3) of this section.

(2) *Notification requirements*. The notification requirements for the eligible taxpayer and the transferee taxpayer are the same as for an eligible taxpayer and transferee taxpayer that must report notice of the occurrence of a recapture event and notice of the recapture amount as described in paragraphs (d)(2)(i) and (ii) of this section, respectively, except that the recapture amount that must be computed is defined in §1.30C-4(b)(4).

(3) *Impact of recapture*—(i) *Section 30C(e)(5) recapture event*. The transferee taxpayer is responsible for any amount of tax increase under section 30C(e)(5) and §1.30C-4(b)(4) upon the occurrence of a recapture event under §1.30C-4(b), provided that if an eligible taxpayer retains any amount of an eligible credit determined with respect to 30C property directly held by the eligible taxpayer, the amount of the tax increase under section 30C(e)(5) and §1.30C-4(b)(4) that the eligible taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the total credit amount that the eligible taxpayer retained, and the denominator of which is the total credit amount determined for the eligible credit property. The amount of the tax increase under section 30C(e)(5) that the transferee taxpayer is responsible for is equal to the recapture amount multiplied by a fraction, the numerator of which is the specified credit portion transferred to the transferee taxpayer, and the denominator of which is the total credit amount determined for the eligible credit property.

(ii) *Impact of section 30C(e)(5) recapture event on basis of 30C property held by eligible taxpayer*. The eligible taxpayer must increase the basis of the 30C property as defined in §1.30C-1(b)(1) (as of the first day of the taxable year in which the recapture event occurs) by an amount equal to the recapture amount provided to the eligible taxpayer by the transferee taxpayer under paragraph (g)(2) of this section and the recapture amount on any credit amounts retained by the eligible taxpayer in accordance with section 30C(e)(5) and §1.30C-4(b).

* * * * *

(k) *Applicability date*—(1) *In general.* Except as provided in paragraph (k)(2) of this section, this section applies to taxable years ending on or after April 30,

2024. For taxable years ending before April 30, 2024, taxpayers, however, may choose to apply the rules of this section and §§1.6418-1 through 1.6418-3 provided the taxpayers apply the rules in their entirety and in a consistent manner.

(2) *Paragraphs (c)(2) and (g)*. Paragraphs (c)(2) and (g) of this section apply to property placed in service in taxable years ending after [date of publication of final regulations in the ***Federal Register***].

**Douglas W. O'Donnell**,
*Deputy Commissioner*.

(Filed by the Office of the Federal Register September 18, 2024, 8:45 a.m., and published in the issue of the Federal Register for September 19, 2024, 89 FR 76759)

# Definition of Terms

*Revenue rulings and revenue procedures (hereinafter referred to as "rulings") that have an effect on previous rulings use the following defined terms to describe the effect:*

*Amplified* describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

*Clarified* is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

*Distinguished* describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

*Modified* is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

*Obsoleted* describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

*Revoked* describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

*Superseded* describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the substance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

*Supplemented* is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

*Suspended* is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

# Abbreviations

*The following abbreviations in current use and formerly used will appear in material published in the Bulletin.*

*A*—Individual.
*Acq.*—Acquiescence.
*B*—Individual.
*BE*—Beneficiary.
*BK*—Bank.
*B.T.A.*—Board of Tax Appeals.
*C*—Individual.
*C.B.*—Cumulative Bulletin.
*CFR*—Code of Federal Regulations.
*CI*—City.
*COOP*—Cooperative.
*Ct.D.*—Court Decision.
*CY*—County.
*D*—Decedent.
*DC*—Dummy Corporation.
*DE*—Donee.
*Del. Order*—Delegation Order.
*DISC*—Domestic International Sales Corporation.
*DR*—Donor.
*E*—Estate.
*EE*—Employee.
*E.O.*—Executive Order.
*ER*—Employer.
*ERISA*—Employee Retirement Income Security Act.
*EX*—Executor.
*F*—Fiduciary.
*FC*—Foreign Country.
*FICA*—Federal Insurance Contributions Act.
*FISC*—Foreign International Sales Company.
*FPH*—Foreign Personal Holding Company.
*F.R.*—Federal Register.
*FUTA*—Federal Unemployment Tax Act.
*FX*—Foreign corporation.
*G.C.M.*—Chief Counsel's Memorandum.
*GE*—Grantee.
*GP*—General Partner.
*GR*—Grantor.
*IC*—Insurance Company.
*I.R.B.*—Internal Revenue Bulletin.
*LE*—Lessee.
*LP*—Limited Partner.
*LR*—Lessor.
*M*—Minor.
*Nonacq.*—Nonacquiescence.
*O*—Organization.
*P*—Parent Corporation.
*PHC*—Personal Holding Company.
*PO*—Possession of the U.S.
*PR*—Partner.
*PRS*—Partnership.
*PTE*—Prohibited Transaction Exemption.
*Pub. L.*—Public Law.
*REIT*—Real Estate Investment Trust.
*Rev. Proc.*—Revenue Procedure.
*Rev. Rul.*—Revenue Ruling.
*S*—Subsidiary.
*S.P.R.*—Statement of Procedural Rules.
*Stat.*—Statutes at Large.
*T*—Target Corporation.
*T.C.*—Tax Court.
*T.D.*—Treasury Decision.
*TFE*—Transferee.
*TFR*—Transferor.
*T.I.R.*—Technical Information Release.
*TP*—Taxpayer.
*TR*—Trust.
*TT*—Trustee.
*U.S.C.*—United States Code.
*X*—Corporation.
*Y*—Corporation.
*Z*—Corporation.

## Numerical Finding List[1]

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### Revenue Procedures:



### Revenue Procedures:—Continued



### Revenue Rulings:



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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2024–27 through 2024–52 is in Internal Revenue Bulletin 2024–52, dated December 30, 2024.

## Finding List of Current Actions on Previously Published Items[1]

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[1] A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2024–27 through 2024–52 is in Internal Revenue Bulletin 2024–52, dated December 30, 2024.

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The Introduction at the beginning of this issue describes the purpose and content of this publication. The weekly Internal Revenue Bulletins are available at *www.irs.gov/irb/*.

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