

July 26, 2024

Inflation Reduction Act Clean Energy Credit Updates



Clean Energy Credits Overview (1 of 2)

Objective	Provision IRC Section	Provision Title	Form	Effective Date	
	45, 45Y*	Production Tax Credit	45 – F8835 45Y – F7211	Property placed in service after 12/31/2024	
	48, 48E	Investment Tax Credit	F3468	Property placed in service after 12/31/2024	
Energy Generation	48(e), 48E(h)	Low-Income Communities Bonus Credit (Investment Tax Credit)	F3468, F8835	48(e) – On 1/1/23	
	45U*	Zero-emission Nuclear Power Production Credit	F7213	Electricity produced and sold after 12/31/2023, in taxable years beginning after such date	
Ę.	30D	Clean Vehicle Credit	F8936	Varies. Vehicles placed in service after 12/31/2022 and 12/31/2023	
	45W	Commercial Clean Vehicle Credit	F8936	Vehicles acquired after 12/31/2022	
Vehicles	25E	Previously-Owned Clean Vehicle Credit	F8936	Varies. Vehicles placed in service after 12/31/2022 and 12/31/2023	
	30C	Credit for Alternative Fuel Refueling/Recharging Property	F8911	Varies. Property placed in service after 12/31/2021 or 12/31/2022	
A	45X	Advanced Manufacturing Production Credit	F7207	Components produced and sold after 12/31/2022	
[[·[·]·] Manufacturing	48C	Advanced Energy Project Credit (\$10B allocated credit)	F3468, Part III	1/1/2023	
5	48D	Advanced Manufacturing Investment Credit (CHIPS Act)	F3468, Part IV	Property placed in service after 12/31/22	

^{*}Note: Modernized eFile will be available in 2025 for Provision 45Y/Form 7211, and mid-2023 for Provision 45U/Form 7213.



Clean Energy Credits Overview (2 of 2)

Objective	Provision IRC Section	Provision Title	Form	Effective Date	
	45V	Clean Hydrogen Production Credit	F7210	Varies. Generally, after 12/31/2022	
	40, 40A	Biofuel Incentives	F8864	Varies. Fuel sold or used after 12/31/2021. Fuel sold or used in Q1 or Q2 of 2022.	
Fuels &	40B	Sustainable Aviation Fuel Credit	F8864	Fuel sold or used after 12/31/2022	
Carbon Capture	45Z	Clean Fuel Production Credit	F8835	Fuel produced after 12/31/2024	
	45Q	Credit for Carbon Oxide Sequestration	F8933	Carbon oxide captured and disposed of after 12/31/2021	
	25C	Energy Efficient Home Improvement Credit	F5695	Varies. Property placed in service after 12/31/2022 and after 12/31/2024	
$\bigoplus_{\underline{\varphi}}$	25D	Residential Clean Energy Credit	F5695	Varies. Expenses made after 12/31/2021 and 12/31/20	
Efficiency	179D	Energy Efficient Commercial Buildings Deduction	F7205	Taxable Years Beginning After 12/31/22	
	45L	New Energy Efficient Home Credit	F8908	Varies. Dwelling Units Acquired After 12/31/2021 and 12/31/2022	



Several provisions will require a pre-file registration or application process:

- Elective Payment Election
- Transfer Election
- Clean Vehicles
- Special Application Processes
 - Advanced Energy Project Credit (48C)
 - Low-Income Community Bonus (48e)



Elective Payment (§ 6417) allows "applicable entities" that usually would not be able to take advantage of credits because they do not owe federal income tax to treat the amount of certain credits as a payment against tax on their tax returns and as a result receive refund payments for certain clean energy tax credits.

Eligible credits

- Energy Credit (48), (Form 3468, Part VI)
- Clean Electricity Investment Credit (48E), (Form 3468, Part V)
- Renewable Electricity Production Credit (45), (Form 8835, Part II)
- Clean Electricity Production Credit (45Y)
- Commercial Clean Vehicle Credit (45W), (Form 8936, Part V)
- Zero-emission Nuclear Power Production Credit (45U), (Form 7213, Part II)
- Advanced Manufacturing Production Credit (45X), (Form 7207)
- Clean Hydrogen Production Credit (45V), (Form 7210)
- Clean Fuel Production Credit (45Z)
- Carbon Oxide Sequestration Credit (45Q), (Form 8933)
- Credit for Alternative Fuel Vehicle Refueling / Recharging Property (30C), (Part 8911, Part II)
- Qualifying Advanced Energy Project Credit (48C), (Form 3468, Part III)



Transfer (§ 6418) allows entities that can't use elective pay but do qualify for an eligible tax credit to transfer all or a portion of the credit to a third-party buyer in exchange for cash.

Eligible credits

- Energy Credit (48), (Form 3468, Part VI)
- Clean Electricity Investment Credit (48E), (Form 3468, Part V)
- Renewable Electricity Production Credit (45), (Form 8835, Part II)
- Clean Electricity Production Credit (45Y)
- Zero-emission Nuclear Power Production Credit (45U), (Form 7213, Part II)
- Advanced Manufacturing Production Credit (45X), (Form 7207)
- Clean Hydrogen Production Credit (45V), (Form 7210)
- Clean Fuel Production Credit (45Z)
- Carbon Oxide Sequestration Credit (45Q), (Form 8933)
- Credit for Alternative Fuel Vehicle Refueling/Recharging Property (30C), (Part 8911, Part II)
- Qualified Advanced Energy Project Credit (48C), (Form 3468, Part III)

Note, individuals and certain other taxpayers are subject to the passive activity rules under section 469 which may limit their ability to use transferred eligible credits against their Federal income tax liability.



b Type of facility (wind, closed-loop biomass, geothermal, sola

3 Location of facility, including coordinates (latitude and longit

Significant changes to TY 2023 Tax Forms

Form **3468 Investment Credit** OMB No. 1545-0155 Attach to your tax return. Department of the Treasur Attachment Go to www.irs.gov/Form3468 for instructions and the latest information. Sequence No. 174 Internal Revenue Service Name(s) shown on return Facility Information (see instructions) Filed per facility A Check this box if you have petitioned for provisional emission rates and have also received written approval from a certified third-party verifier or a letter from the IRS 1 Description of the facility: **Renewable Electricity Production Credit** OMB No. 1545-1362 2a IRS-issued registration number fo Attach to your tax return. b Type of facility (solar, geothermal, Department of the Treasury Attachment Go to www.irs.gov/Form8835 for instructions and the latest information. Sequence No. 835 3 Location of facility, including coor Name(s) shown on return Identifying number Part I Facility Information IRS-issued registration number for the facility: 2 Type of facility you are claiming (see instructions): lines 4a through 4z, enter the number of items you have for that line in column (c) and complete Part V. a Description of facility:

Current Year General Business Credits (GBCs) (see instructions). If there is more than one credit amount to report on lines 1a through 1zz, line 3, or

	(a) Current year credits from:	(b) Elective payment or transfer registration number	(c) # items	(d) Pass-through or transfer credit entity EIN	(e) Credits from non-passive activities	(g) Credit transfer election amount (enter amounts transferred out as a negative amount)	(h) Gross elective payment election amount	(i) Net elective payment election amount	(j) Combine columns (e), (f), and (g), less column (i)
1a	Form 3468, Part II								
	Form 7207								
C	Form 6765								
d	Form 3468, Part III								
e	Form 8826								
f	Form 8835, Part II								
g	Form 7210								
h	Form 8820								
i	Form 8874								
	Form 8881, Part I								
	Form 8882								
- 1	Form 8864 (diesel)								
m	Form 8896								
	Form 8906								
	Form 3468, Part IV								
р	Form 8908								



- Early data coming from administrative records
 - Limited data available
 - Not exclusively tax return data
- Creating a population dataset
 - Including paper returns through an OCR process
- Relief for filers of more than 200 Forms 3468 or 8835



Statistical tables on clean energy will be released on Tax Stats

- Residential Energy Credits
 - Includes data from Form 5695
 - Residential clean energy credit (25D)
 - Energy efficient home improvement credit (25C)
 - Totals for each credit are also being reported by state and by AGI
- Allocations of bonus credits under section 48(e) for the Low-Income Communities Bonus Credit Program
 - Tables are in development



For more information on the Inflation Reduction Act's clean energy-related tax provisions see:

- IRS.gov/CleanEnergy
- IRS.gov/ElectivePay
- IRS.gov/HomeEnergy