






July 26, 2024

Inflation Reduction Act Clean Energy Credit Updates

Statistics of Income





Clean Energy Credits Overview (1 of 2)

Objective	Provision IRC Section	Provision Title	Form	Effective Date
 Energy Generation	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
	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
 Vehicles	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
	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
 Manufacturing	45X	Advanced Manufacturing Production Credit	F7207	Components produced and sold after 12/31/2022
	48C	Advanced Energy Project Credit (\$10B allocated credit)	F3468, Part III	1/1/2023
	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
 Fuels & Carbon Capture	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.
	40B	Sustainable Aviation Fuel Credit	F8864	Fuel sold or used after 12/31/2022
	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
 Efficiency	25C	Energy Efficient Home Improvement Credit	F5695	Varies. Property placed in service after 12/31/2022 and after 12/31/2024
	25D	Residential Clean Energy Credit	F5695	Varies. Expenses made after 12/31/2021 and 12/31/2022
	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.



Data Challenges

- **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](https://www.irs.gov/CleanEnergy)
- [IRS.gov/ElectivePay](https://www.irs.gov/ElectivePay)
- [IRS.gov/HomeEnergy](https://www.irs.gov/HomeEnergy)