



# Summary of Credit Provisions in the Inflation Reduction Act

December 2022



Incentive type	Tax benefits	Dates
<b>Production Tax Credit (PTC) (Sections 45 and 45Y)/10-year credit period</b>		
PTC for wind, closed loop biomass, geothermal, hydropower, solar (new)	2.75* cents (2022) per kWh for 10 years from the date placed in service ("PIS")	For facilities PIS after 2021 and on which construction begins ("BOC") before 2025
PTC for open-loop biomass landfill gas and trash combustion	1.25* cents (2022) per kWh	For facilities PIS after 2021 and BOC before 2025
Election for ITC in lieu of PTC	30%* of eligible basis	For facilities PIS after 2021 and BOC before 2025
Section 45Y – technology-agnostic PTC for qualified facilities with no greenhouse gas emissions	1.5 cents* per kWh (with appropriate inflation adjustments) for 10 years from the date PIS	For new facilities PIS after 2024; phases out at the later of 2033 or the year in which annual emissions from production of electricity in the U.S. is cut by more than 75% as compared to 2022
<b>Direct Pay</b>	Available to certain tax-exempt and government entities	For credits attributable to facilities PIS after 2022
<b>Transferability</b>	Available to taxpayers	After 2022

Incentive type	Tax benefits	Dates
<b>Investment Tax Credit (ITC) (Sections 48 and 48E)/claimed in year placed in service</b>		
ITC for solar, fuel cell, waste energy, combined heat and power, and small wind	Up to 30%* of eligible basis	For projects PIS after 2021 and BOC before 2025
ITC for microturbines	Up to 10%* of eligible basis	For projects PIS after 2021 and BOC before 2025
ITC for geothermal	Up to 30%* of eligible basis	30% available for projects PIS after 2021 and BOC before 2035; phase down starting in 2033
ITC for offshore wind	Up to 30%* of eligible basis	For projects BOC before 2026

Credit rates with an asterisk\* are the "bonus" credit rates assuming that prevailing wage and qualified apprenticeship requirements are met; credit amount generally reverts to 1/5, or 20%, of the bonus amount if those requirements are not met. For PTC & ITC additional 10% bonus credit amounts available for using domestic content and locating projects in "energy communities." Additional bonus amounts are 2% if prevailing wage and qualified apprenticeship requirements are not satisfied.

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Incentive type	Tax benefits	Dates
ITC for energy storage, biogas property, dynamic glass and microgrid controllers	Up to 30%* of eligible basis	For projects PIS after 2022 and BOC before 2025
Section 48E – technology-agnostic ITC qualified facilities with no greenhouse gas emissions and for energy storage technology	Up to 30%* of eligible basis	For new facilities PIS after 2024; phases out at the later of 2033 or the year in which annual emissions from production of electricity in the U.S. is cut by more than 75% as compared to 2022

<b>Direct Pay</b>	Available to certain tax-exempt and government entities	After 2022
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<b>Transferability</b>	Available to taxpayers	After 2022
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Incentive type	Tax benefits	Dates
<b>Credit for Carbon Capture &amp; Sequestration (Section 45Q)/12-year credit period</b>		

Credit for enhanced oil recovery (EOR) and utilization	\$60* per metric ton	For equipment PIS after 2022 and BOC prior to 2033
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Credit for secure geological storage	\$85* per metric ton	For equipment PIS after 2022 and BOC prior to 2033
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Credit for direct air capture	\$180* per metric ton (secure storage); \$130* per metric ton (EOR/utilization)	For facilities PIS after 2022 and BOC prior to 2033
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<b>Direct Pay</b>	Available to taxpayers	For credits attributable to facilities PIS after 2022; for first 5 years of credit period; election not available after 2032
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<b>Transferability</b>	Available to taxpayers	After 2022
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Incentive type	Tax benefits	Dates
<b>Credits for Clean Hydrogen Production (Section 45V)</b>		

PTC for clean hydrogen production	Up to \$3* per kilogram of clean hydrogen produced for sale or use; credit reduced based on emission	Available for clean hydrogen produced after 2022; 10-year credit period; BOC prior to 2033
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Election to claim ITC in lieu of Section 45V PTC	Up to 30%* of eligible basis	Available for facilities PIS after 2022
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<b>Direct Pay</b>	Available to taxpayers	For credits attributable to facilities PIS after 2012; for first 5 years of credit period; election not available after 2032
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<b>Transferability</b>	Available to taxpayers	After 2022
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Incentive type	Tax benefits	Dates
<b>Nuclear Production Tax Credit (Section 45U)/10-year credit period</b>		
PTC for zero-emissions nuclear power	Up to 1.5 cents/kwh*; credit reduced as sales price of electricity increases	Available for electricity produced and sold after 2023; terminates for tax years beginning after 2032
<b>Direct Pay</b>	Available to certain tax-exempt and government entities	After 2022
<b>Transferability</b>	Available to taxpayers	After 2022

Incentive type	Tax benefits	Dates
<b>Credits for Clean Fuels</b>		
For production of sustainable aviation fuel (SAF), claimed as: <ul style="list-style-type: none"> <li>• Nonrefundable credit (section 40B)</li> <li>• Credit against excise tax (and payment if in excess) (sections 6426 and 6427)</li> <li>• Refundable income tax credit (section 34)</li> </ul>	Up to \$1.75* per gallon, depending on emissions reduction percentage	Available for production after 2022 and before 2025
Clean fuel PTC (section 45Z)	Credit rate up to \$1*/gallon (\$1.75*/gallon for SAF) multiplied by emissions factor; <b>direct pay</b> available to tax-exempts and certain government entities; <b>transferability</b> available to taxpayers	Available for transportation fuel produced and sold after 2024 and before 2028
For sale or use of biodiesel (including renewable diesel) and biodiesel mixtures <ul style="list-style-type: none"> <li>• Nonrefundable credit (section 40A)</li> <li>• Credit against excise tax (and payment if in excess) (sections 6426 and 6427)</li> </ul> Refundable income tax credit (section 34)	\$1.00 per gallon (biodiesel and renewable diesel) \$.50 per gallon or gasoline gallon equivalents (alternative fuels)	Available through 2024
For production of second generation biofuel Nonrefundable credit, section 40(b)(6)	\$1.01 per gallon	Available through 2024

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Incentive type	Tax benefits	Dates
<b>Credits for Clean Fuels, continued</b>		
For sale or use of specified alternative fuels and alternative fuel mixtures <ul style="list-style-type: none"> <li>Credit against excise tax (and payment if in excess) (sections 6426 and 6427)</li> <li>Refundable income tax credit (section 34)</li> </ul>	\$0.50 per gallon or gasoline gallon equivalents	Available through 2024

Incentive type	Tax benefits	Dates
<b>Advanced Manufacturing Production Tax Credit (Section 45X)</b>		
PTC for eligible clean energy facility components and critical minerals produced in the United States	Varies based on component produced	For components produced and sold after 2022; phase-down begins in 2030 and no credit post-2032 (no phase-down for critical minerals)
<b>Direct Pay</b>	Available to taxpayers	Election available for first 5 years of credit period
<b>Transferability</b>	Available to taxpayers	After 2022

Incentive type	Tax benefits	Dates
<b>Qualified Advanced Energy Project Credit (Section 48C)</b>		
ITC for facilities producing qualifying energy property; investments in manufacturing and industrial facilities that result in 20% emissions reduction also eligible	Up to 30%* of eligible basis; must apply to and receive approval from DOE & IRS to receive allocation of credit	Credit allocations available beginning in 2023
<b>Direct Pay</b>	Available to certain tax-exempt and government entities	After 2022
<b>Transferability</b>	Available to taxpayers	After 2022

Incentive type	Tax benefits	Dates
<b>Vehicles</b>		
Alternative fuel vehicle refueling property (section 30C)	Up to 30%*; maximum credit of \$100,000 per any single item; must be built in a non-urban or low-income census tract; <b>direct pay</b> available to tax-exempts and certain government entities; <b>transferability</b> available to taxpayers	For refueling property PIS after 2022

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Incentive type	Tax benefits	Dates
<b>Vehicles, continued</b>		
Clean Vehicle Credit (section 30D)	Up to \$7,500 (\$3,750 each if (i) domestic content and/or (ii) critical mineral sourcing requirements are satisfied)	For new clean vehicles purchased from 2023-2032
Previously-Owned Clean Vehicles (section 25E)	Up to \$4,000	For pre-owned vehicles (at least two years old) acquired from 2023-2032
Qualified Commercial Clean Vehicles (section 45W)	Lesser of (i) 30% of basis (15% if vehicle is powered by a gasoline or diesel engine) or (ii) the incremental cost of such vehicle (as compared to a "non-clean vehicle"); capped at \$7,500 (\$40,000 if gross weight exceeds 14,000 pounds)	Vehicles acquired 2023-2032

Incentive type	Tax benefits	Dates
<b>Energy Efficient Commercial Buildings Deduction (Section 179D)</b>		
Deduction for energy-efficient commercial building expenditures (property designed to significantly reduce heating, cooling, water heating, and interior lighting energy costs)	Deduction equal to cost of energy efficient commercial building property placed in service during the taxable year; not to exceed \$5 per square foot *, depending on energy cost savings	New rules are effective in 2023

<b>New Energy Efficient Home Credit (Section 45L)</b>		
Credit for manufacturer of energy efficient single-family homes, manufactured homes, and multifamily homes	\$2,500 per home for homes meeting certain Energy Star requirements; \$5,000 per home for homes meeting DOE Zero Energy Ready Home Program; Multifamily homes must meet prevailing wage and apprenticeship requirements to qualify for these credit rates	Credit available for homes constructed and sold prior to 2033

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