



TaxNewsFlash

United States

No. 2024-063
February 16, 2024

Correction to proposed regulations on energy credit under section 48, relating to certain gas upgrading equipment

The U.S. Treasury Department and IRS today released a correction to proposed regulations (REG-132569-17) published in November 2023 that would amend existing regulations under section 48 relating to the energy credit. For more information on the proposed regulations, read [TaxNewsFlash](#).

Section 48 provides an investment tax credit for qualified biogas property. The proposed regulations as originally issued stated that gas upgrading equipment necessary to concentrate gas into the appropriate mixture for injection into a pipeline through removal of other gases such as carbon dioxide, nitrogen, or oxygen is not included in qualified biogas property (and therefore not credit eligible).

The [correction](#) [PDF 206 KB] (as published in the Federal Register on February 22, 2024) would clarify that gas upgrading equipment that is necessary to concentrate the gas from qualified biogas property into the appropriate mixture for injection into a pipeline through removal of other gases such as carbon dioxide, nitrogen, or oxygen, would be energy property if it is an integral part of an energy property as defined in proposed Treas. Reg. § 1.48-9(f)(3).

The comment period for the November 2023 proposed regulations, which originally closed on January 22, 2024, is also reopened. The due date for additional comments is March 25, 2024.

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