

TaxNewsFlash

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Announcement 2024-40: Treatment of amounts paid under agreements with Commerce Department for purposes of section 48D advance manufacturing investment credit

The IRS today issued [Announcement 2024-40](#) confirming that amounts paid or incurred by a taxpayer for the construction, expansion, or modernization of advanced manufacturing facilities pursuant to an agreement entered into with the U.S. Department of Commerce under 15 U.S.C. 4652(a)(6)(C) will not fail, solely by reason of such agreement, to constitute a “qualified investment” for purposes of determining the amount of any advanced manufacturing investment credit under section 48D.

Announcement 2024-40 specifically states that agreements to effectuate the requirements of 15 U.S.C. 4652 are not long-term contracts subject to section 460, and amounts paid or incurred for the construction, expansion, or modernization of advanced manufacturing facilities pursuant to such agreements that are capital expenditures under section 263(a) and the regulations thereunder may constitute qualified investment for purposes of the section 48D credit provided that the requirements of section 48D and the regulations thereunder are otherwise satisfied, including that amounts are paid or incurred for property constructed or reconstructed by the taxpayer, or acquired by the taxpayer, and the original use commences with the taxpayer.

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