

TaxNewsFlash

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Renewable electricity production inflation factors, reference prices for 2025

The U.S. Treasury Department and IRS today released a [notice](#) that provides the 2025 inflation adjustment factor and reference prices used in determining the availability of the credit for renewable electricity production under section 45.

Background on Inflation Reduction Act amendments

Section 45 was amended by H.R. 5376 (commonly called the “Inflation Reduction Act” (IRA)).

- The IRA changed the manner in which the section 45 credit amounts are calculated for any qualified facility placed in service after December 31, 2021.
- The IRA also removed the one-half reduction of the credit amount under section 45(b)(4)(A) for qualified hydropower facilities and marine and hydrokinetic renewable energy facilities placed in service after December 31, 2022.
- In the case of any qualified facility placed in service before January 1, 2022, the section 45 credit amounts are determined under the calculation rules provided by the prior version of section 45.
- The IRA also amended the phaseout of the section 45 credit for wind facilities under section 45(b)(5) such that it does not apply to facilities placed in service after December 31, 2021.
- In addition, the IRA added a new phaseout of the section 45 credit under section 45(b)(10) in the case of qualified facilities placed in service after December 31, 2022, for taxpayers making an elective payment election under section 6417.
- The IRA also amended the credit amount reduction under section 45(b)(3) in the case of qualified facilities the construction of which began after August 16, 2022, and amended section 45(d)(4) to restore the section 45 credit for electricity produced in solar energy facilities in the case of qualified facilities placed in service after December 31, 2021, and the construction of which begins before January 1, 2025.

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