



May 2024

# **Inflation Reduction Act Elective Pay and Transferability of Clean Energy Credits**

# Ground Rules: Disclaimers

- This deck provides an overview of certain Inflation Reduction Act tax provisions for general informational purposes only and **is not itself tax guidance**.
- The content in this presentation is based on tax guidance on IRS.gov.
- This deck relies on simplifications and generalizations to convey high-level points about Inflation Reduction Act tax provisions. Please **refer to guidance** issued by the IRS for detailed information on the rules associated with Inflation Reduction Act tax provisions.
- Treasury and the IRS will **carefully consider feedback submitted** during the public comment periods for proposed and temporary regulations before issuing final rules.

# **The Inflation Reduction Act and its Two Novel Credit Monetization Mechanisms - Elective Pay and Transferability**

# Introduction: The Inflation Reduction Act

- The Inflation Reduction Act (IRA) makes the **largest investment in clean energy** in United States history, and much of that investment is **delivered via tax incentives**.
- The Treasury Department is the federal agency responsible for **administering the tax code** and is **proud to be playing a central role** in implementing the Inflation Reduction Act's clean energy tax incentives.
- The Inflation Reduction Act includes **tax incentives for a broad range of activities that support building a clean energy economy**, as well as **certain cross-cutting provisions and bonuses** that apply to multiple incentives.
- This presentation discusses **two novel credit monetization mechanisms** enacted as part of the IRA: **Elective Pay** (also known as Direct Pay), and **Transferability**.

# IRA Tax Credits Overview

## IRA created or modified 20 clean energy-related tax incentives, including:

- **Production tax credits** for clean energy generation, manufacturing, fuels
- **Investment tax credits** for renewable energy property and clean energy generating property
- Credits for **clean vehicles** and clean vehicle infrastructure
- Incentives for **energy efficiency**

## Some of these credits are enhanced by bonus provisions:

- Prevailing wage and apprenticeship
- Energy communities
- Domestic content
- Low-income communities bonus

## IRA also established two novel credit monetization provisions:

- **Elective pay (AKA “direct pay”)**: Allows tax-exempt organizations and governmental entities to claim 12 “applicable credits” as direct payments
- **Transferability**: Allows taxpayers not eligible for direct pay to sell 11 “eligible credits” to other taxpayers who can use the credits.



# Overview of Elective Pay

- With elective pay, tax-exempt and governmental entities that do not owe Federal income taxes are, for the first time, able to receive a **payment equal to the full value of tax credits for building qualifying clean energy projects or making qualifying investments.**
- Unlike competitive grant and loan programs, in which applicants may not receive an award, elective pay allows entities to get their payment if they meet **the requirements for both elective pay and the underlying tax credit.**
- The entities eligible for elective pay (applicable entities) would not normally owe federal income tax. However, by **filing a return and using elective pay**, these entities can receive **tax-free cash payments** from the IRS for clean energy tax credits earned, so long as **all requirements** are met, including a pre-filing registration requirement.

# Overview of Transferability

- With Transferability, an **eligible taxpayer** (“transferor”) can **transfer all or a portion** of certain **clean energy credits** to unrelated third-parties (“transferee(s)”) in **exchange for cash**.
  - The transferor and transferee would negotiate and agree to the terms and pricing.
  - Payments are not included in the transferor’s gross income and cannot be deducted by the transferee.
  - The transferee would use the credit to offset its tax liability in its first taxable year ending with, or after, the taxable year of the eligible taxpayer.
- Transferability will **allow eligible taxpayers to take advantage of these clean energy tax credits**, even if they do not have sufficient tax liability to fully utilize the credits themselves.

# Eligible Credits: Elective Pay and Transferability

Tax Provision	Elective Pay	Transferability
<b>Production Tax Credit for Electricity from Renewables</b> (§ 45, <i>pre-2025</i> )	✓	✓
<b>Clean Electricity Production Tax Credit</b> (§ 45Y, <i>2025 onwards</i> )	✓	✓
<b>Investment Tax Credit for Energy Property</b> (§ 48, <i>pre-2025</i> )	✓	✓
<b>Clean Electricity Investment Tax Credit</b> (§ 48E, <i>2025 onwards</i> )	✓	✓
<b>Zero-Emission Nuclear Power Production Credit</b> (§ 45U)	✓	✓
<b>Credit for Qualified Commercial Clean Vehicles</b> (§ 45W)	✓	
<b>Alternative Fuel Vehicle Refueling Property Credit</b> (§ 30C)	✓ <i>(if depreciable property)</i>	✓



# Eligible Credits: Elective Pay and Transferability

Tax Provision	Elective Pay	Transferability
<b>Clean Fuel Production Credit</b> (§ 45Z, 2025 onwards)	✓	✓
<b>Credit For Production Of Clean Hydrogen</b> (§ 45V)	✓ <i>(incl. businesses for five years)</i>	✓
<b>Credit for Carbon Oxide Sequestration</b> (§ 45Q)	✓ <i>(incl. businesses for five years)</i>	✓
<b>Advanced Manufacturing Production Credit</b> (§ 45X)	✓ <i>(incl. businesses for five years)</i>	✓
<b>Advanced Energy Project Credit</b> (§ 48C) <i>Application required</i>	✓	✓

# **Overview of Section 48(e): Low-Income Communities Bonus Credit Program**

## § 48(e): Low-Income Communities Bonus Credit Program

- § 48(e) can provide a bonus of **10 or 20 percentage points** to qualified solar and wind facilities (less than 5 MW), depending on the **category of facility**, on top of the existing 30% Investment Tax Credit:
  - **Category 1**: Located in a Low-Income Community (*10 percentage points*)
  - **Category 2**: Located on Indian land (*10 percentage points*)
  - **Category 3**: Part of a qualified low-income residential building project (*20 percentage points*)
  - **Category 4**: Part of a qualified low-income economic benefit project (*20 percentage points*)
- To be eligible, property must be **placed in service within four years** after the date the applicant was awarded and notified of the allocation of Capacity Limitation for the facility

# 2024 Capacity Allocations

For calendar year 2024, the total annual Capacity Limitation of 1.8 gigawatts of direct current capacity + 325 megawatts of rollover capacity will be divided among the four categories as follows:

Category	Allocation (megawatts)
(1) Located in a Low-Income Community	800
(2) Located on Indian Land	200
(3) Qualified Low-Income Residential Building Project	224.8
(4) Qualified Low-Income Economic Benefit Project	900

At least 50% of each category is available for projects that meet Additional Selection Criteria

Refer to the IRS Publication, Rev. Proc. 2023-27 for the full definition and requirements of each program category



# Highlights of Final Regulations and Revenue Procedure

- **Definitions**

- Definition of Facility
- Energy Storage Technology Installed in Connection with Solar or Wind Facility
- Financial Benefits for Category 3 and Category 4 Allocations
- “Located in”

- **Program Requirements and Structure**

- Project Placed in Service After Allocation Award
- Documentation and Attestations (Application for Allocation and Placed in Service Requirements)
- ASC Documentation and Attestations
- Application Process
  - Cure Period Timing
  - Placed in Service Requirements (After Allocation Award)
- Additional Selection Criteria
  - Ownership Criteria
  - Geographic Criteria

# Additional Selection Criteria

- For the 2024 Program Year, **at least** 50 percent of the total capacity in each program category will be reserved for qualified facilities meeting certain Additional Selection Criteria.
- Facilities may qualify for Additional Selection Criteria based on **Ownership** or **Geography**.

# Tribal Highlights of Regulations and Revenue Procedure

- **Additional Selection Criteria:**

- Certain tax-exempt entities
  - Applies to Indian Tribes and their political subdivisions and instrumentalities
  - Worker or Consumer Cooperatives
- Tribal Enterprises
- Alaska Native Corporations
- Qualified Renewable Energy Companies that include
  - 1) At least 51 percent of the entity's equity interests are owned and controlled by (a) one or more individuals, (b) a Community Development Corporation (as defined in 13 CFR 124.3), (c) an agricultural or horticultural cooperative (as defined in section 199A(g)(4)(A) of the Code), (d) an Indian Tribal government (as defined in section 30D(g)(9)), (e) an Alaska Native corporation (as defined in section 3 of the Alaska Native Claims Settlement Act, 43 U.S.C. 1602(m)), or (f) a Native Hawaiian organization (as defined in 13 CFR 124.3);

- **Category 2 – Located on Indian Land**

- Tribal approval included as attestation requirement
- 200 MW Set Aside

- **Category 3 – Qualified Low-Income Residential Building Project**

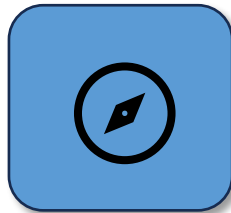
- Covered housing programs and policies:
  - Housing programs administered by an Indian Tribe or a Tribally designated housing entity (as defined in section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(22))).

# Program Resources

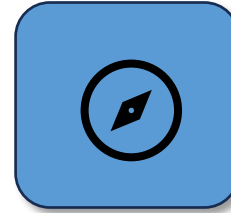
DOE's Program Homepage hosts a variety of helpful ***Program Resources***  
[www.energy.gov/diversity/low-income-communities-bonus-credit-program](http://www.energy.gov/diversity/low-income-communities-bonus-credit-program)



**Applicant Checklist**



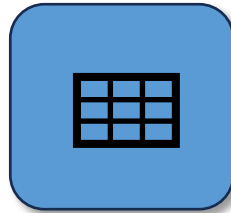
**Applicant User Guide**



**Applicant User Guide:  
Allocation Transfer Request**



**Frequently Asked Questions**



**Program Capacity Dashboard\***



**Maps for Category 1 &  
Geographic Selection Criteria**



**Eligible Covered Housing Programs for Category 3**

\*The Program Capacity Dashboard will be made available with 2024 capacity after the initial 30-day application window has closed.



# **Elective Pay Final Regulations (Released 3/5/24)**



# Some highlights of the Elective Pay final regulations

1. Definition of “applicable entity”
2. Rule for determining tax year for entities that do not have a Federal income tax return filing obligation
3. Special rule on tax-exempt grants and forgivable loans
4. How to claim elective payments

# (1) Definition of “Applicable Entity”

## Under the final rules, applicable entities for elective pay include:

- Tax-exempt organizations
  - Under final regulations, this includes any organization described in sections 501-530 of the Code that meets the requirements to be recognized as exempt from tax under those sections
- U.S. territory governments and their political subdivisions;
- States and political subdivisions, such as local governments;
- Indian tribal governments and their subdivisions;
- Agencies and instrumentalities of state, local, tribal, and territorial governments;
- **Alaska Native Corporations;**
- The Tennessee Valley Authority, and
- Rural electric co-operatives.
  - The final regulations clarify that both tax-exempt and taxable rural electric co-operatives are eligible for elective pay

*Note: In general, only “applicable entities” are eligible for Elective Pay. However, other taxpayers may elect to be treated as an applicable entity with respect to **three tax credits** (for carbon oxide sequestration, production of clean hydrogen, or advanced manufacturing).*



# Partnerships and S corporations

- Are **not applicable entities** described in §1.6417-1(c), and thus are **not eligible to make an elective pay election *unless*** the partnership or S corporation is an electing taxpayer (taking advantage of the section 45Q, 45V, or 45X credit).
  - This is the case **no matter how many** of the partners of a partnership are “applicable entities.”
- **Are eligible taxpayers** described in section 6418(f)(2) that are **eligible to make a transfer election.**
- In addition, **an applicable entity may engage with other entities**, including with for-profit partners, **in an ownership arrangement that has properly elected out of subchapter K** (such as a joint operating agreement or tenancy in common) and make an elective payment election under section 6417(a) with respect to its share of the applicable credits determined with respect to its share of the underlying applicable credit property.

## (2) Determining Tax Year for Entities without a Filing Obligation

- Commenters requested **clarification on the determination of a taxable year** for entities that **do not have a filing requirement** – for instance, a state or local government that files Form 990-T solely to make an elective payment
- The **final rules** would **permit** such taxpayers, **when filing an initial Form 990-T**, to adopt a taxable year based upon a **calendar or fiscal year**, provided that such entity **maintains adequate book and records**, including a **reconciliation** of any difference between its regular books of account and its chosen taxable year, to support making an elective payment election on the basis of its chosen taxable year. See [Elective pay and transferability FAQ #23](#)
- *See Appendix for example*



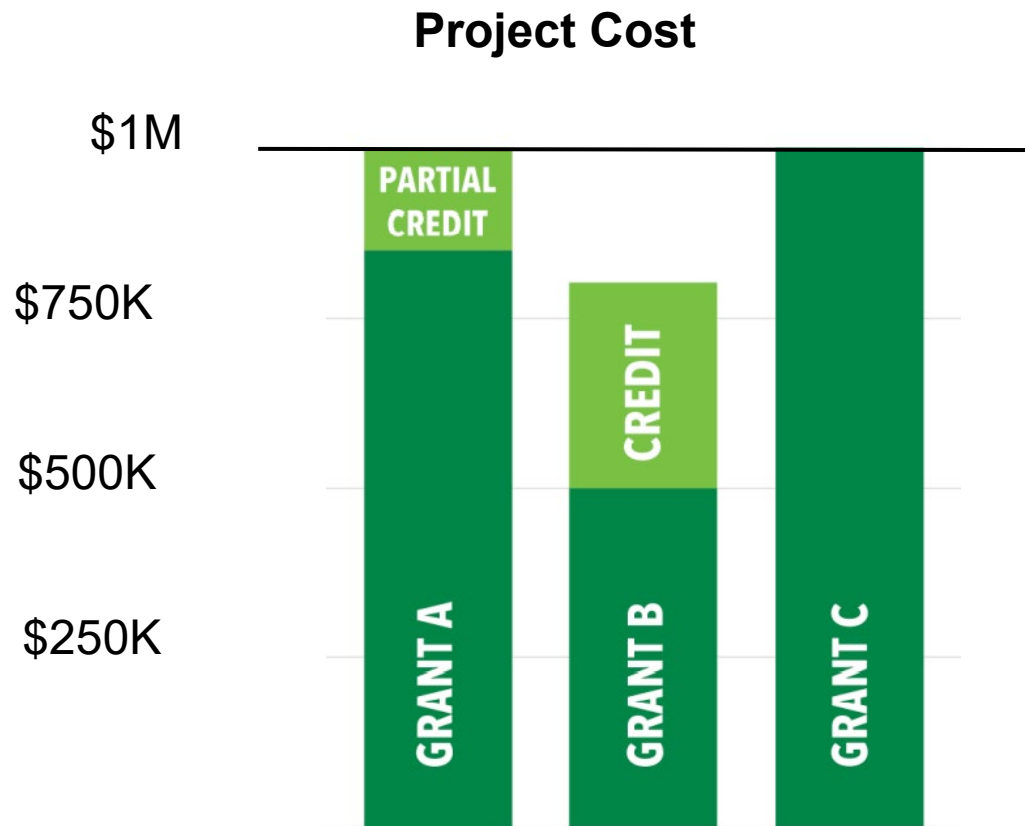
### (3) Special Rule: Grants and Loans

- Consistent with the proposed guidance, the regulations include a special rule that enables entities to **combine grants and forgivable loans with tax credits**.
- For investment-related credits\* (30C, 45W, 48, 48C, or 48E), if the property is funded by a tax-free grant or forgivable loan, **entities get the same value of eligible tax credit as if the investment were financed with taxable funds**—provided the credit plus ‘**restricted tax exempt amounts**’ do not exceed the cost of the investment.
  - **Restricted tax exempt amounts** mean a tax exempt amount that is **given for the specific purpose of** purchasing, constructing, reconstructing, erecting, or otherwise acquiring an investment-related credit property.

\* This rule is not relevant for production tax credits because those credits are not based on the value of the investment.



### (3) Special Rule: Grants and Loans



- Example: Qualifying section 48 project costs \$1M. The project qualifies for a 30% credit.
  - Grant A: \$850K. Because the grant + the credit exceeds the cost of the project, the credit is reduced to \$150K
  - Grant B: \$500K. Because the grant + the credit does not exceed the cost of the project, the credit is not reduced
  - Grant C: \$1M. Because the grant equals the cost of the project, the credit is reduced to \$0

## (4) How to Claim Elective Payments

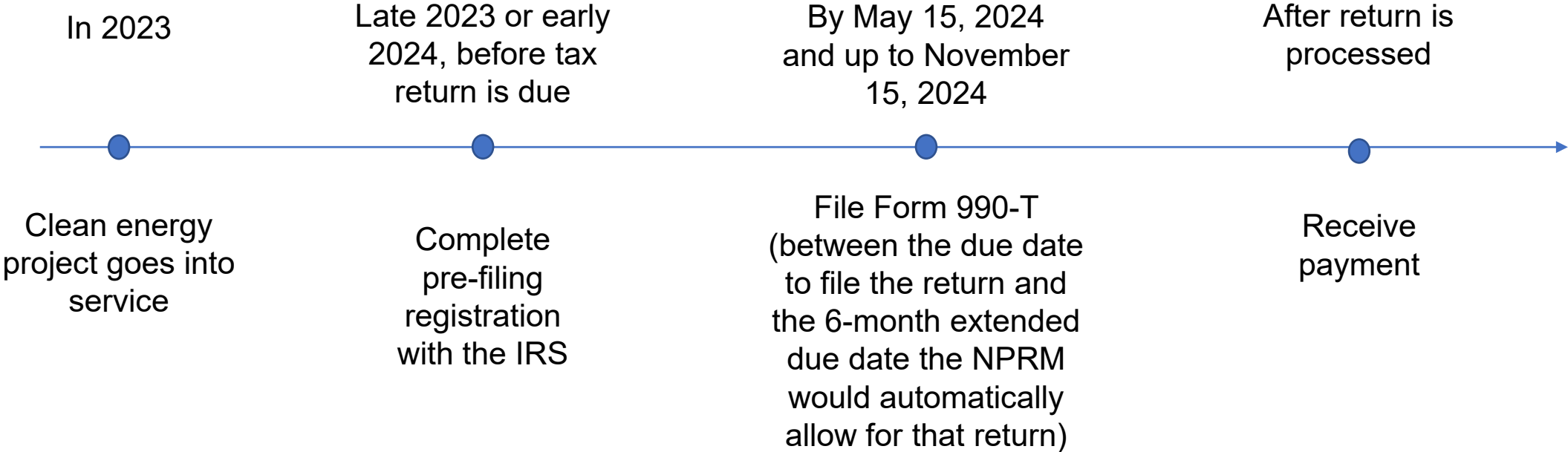
- **Identify and pursue** the qualifying project or activity.
  - You will need to know what applicable credit you intend to earn and use direct pay for.
- **Complete** your project and place it into service.
- **Determine** your tax year, if not already known, to determine when your tax return will be due.
- **Complete** pre-filing registration with the IRS after earning the underlying credit.
  - This will include the credit(s) you intend to earn, among other information.
  - Upon completing this process, the IRS will provide you with a registration number for each applicable credit property.
  - **Registration is not a determination of the amount or validity of a credit**
- **File** your tax return by the due date (or extended due date) and make a valid direct pay election.
  - Provide your registration number on your tax return as part of making the direct pay election.
  - A valid election allows you to receive payment as a refund for the amount of the credit (or if applicable, offset your tax liability and receive a payment for any remaining amount).
- **Receive** payment after the return is processed.



# (4) Example Timeline: Tribal Government Project Placed Into Service in 2023\*

A tribal government that makes a clean energy investment that qualifies for the investment tax credit can file an annual tax return (via Form 990-T) with the IRS to claim elective pay for the full value of the investment tax credit, as long as it meets all of the requirements, including a pre-filing registration requirement.

As the tribal government would not owe other federal income tax, the IRS would then make a payment in the amount of the credit to the tribal government.



\*assume the tribal government adopts a calendar tax year

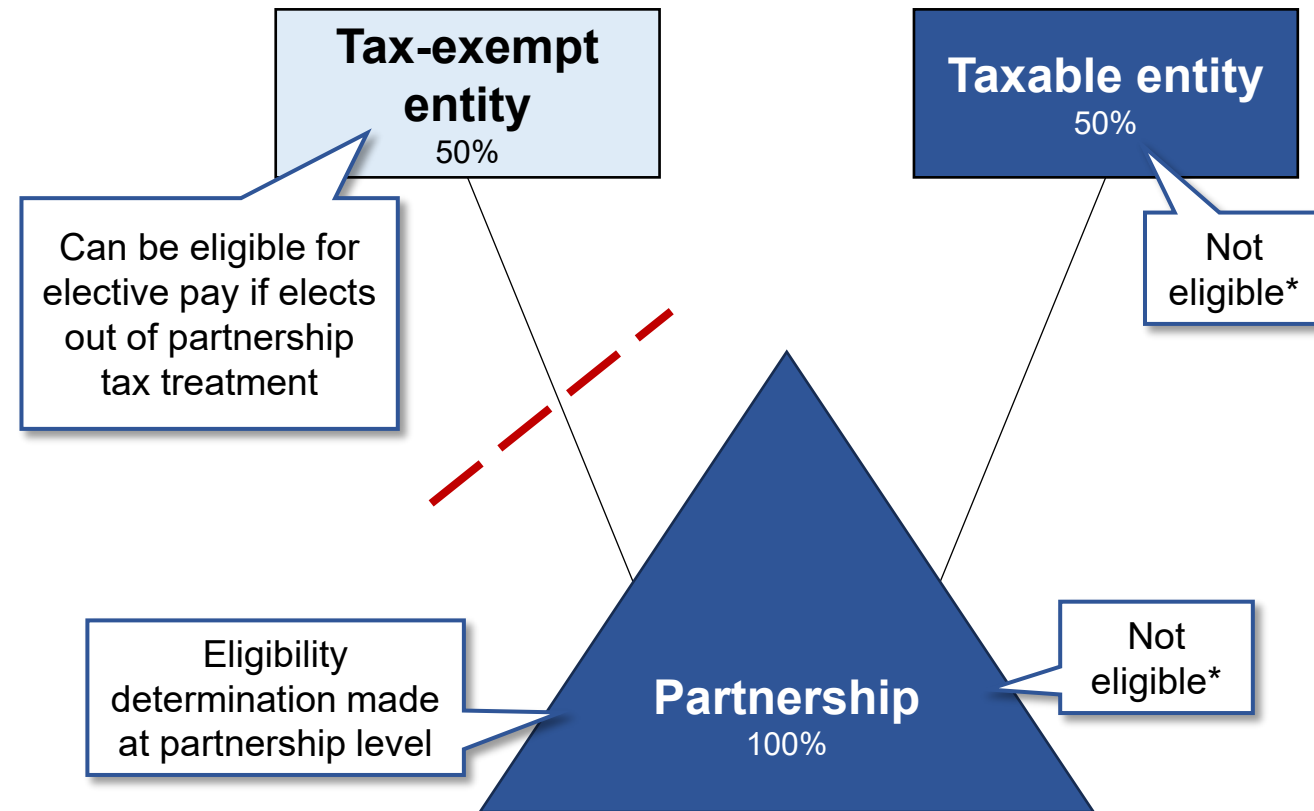


# **Proposed Rulemaking for Applicable Entity Partners in Partnerships (Released 3/5/24)**



# Applicable Entities that Co-own Applicable Credit Property

- Under both the proposed and final elective pay rules (§ 6417), the **eligibility determination** for elective pay takes place at the **level of the entity directly owning the applicable credit property**
- Because **partnerships are not applicable entities**, when a partnership owns applicable credit property to which applicable credits are determined, **partners** in the partnership **cannot receive elective payments** on their share of the applicable credits, **even if the partner is an applicable entity such as a tax-exempt entity**
- However, both the proposed and final rules permit an applicable entity (e.g. an eligible tax-exempt entity) that co-owns applicable credit property through a **joint ownership arrangement that validly “elects out”** of partnership tax treatment to **make an elective payment election** for the eligible credits determined for its share of the eligible credit property



\*Note: Taxable entities and partnerships that are eligible taxpayers may make elective pay elections for certain credits (45Q, 45V, and 45X credits).

# § 761(a) Election out of Partnership Rules

- Members of an unincorporated organization can elect under section 761(a) to be excluded from partnership tax treatment if the income of the members of the organization may be adequately determined without the computation of partnership taxable income and the organization is availed of:
  1. for investment purposes only and not for the active conduct of a business,
  2. **for the joint production, extraction, or use of property, but not for the purpose of selling services or property produced or extracted, or**
  3. by dealers in securities for a short period for the purpose of underwriting, selling, or distributing a particular issue of securities.
- Existing § 1.761-2(a)(3) further requires that an electing organization's participants:
  1. **own the [organization's] property as co-owners**, either in fee or under lease or other form of contract granting exclusive operating rights (co-ownership requirement),
  2. **reserve the right separately to take in kind or dispose of their shares** of any property produced, extracted, or used (severance requirement), and
  3. **do not jointly sell** services or the property produced or extracted (joint marketing requirement), although each separate participant **may delegate authority to sell** the participant's share of the property produced or extracted for the time being for the participant's account, but not for a period of time in excess of the minimum needs of the industry, and **in no event for more than one year**.



## § 761 NPRM: Applicable Entities that Co-own Electricity-Producing Applicable Credit Property

- Following last June's release of the proposed § 6417 rules, stakeholders raised that it is important for applicable entities to be able co-own and operate projects with other entities, and that **existing guidance** on arrangements that can validly elect out of partnership tax treatment was **limited and required updates to be effective for clean energy arrangements**
- Specifically, stakeholders raised that certain facts and circumstances common to **jointly owned and operated energy projects** appear to violate existing provisions of the rules for electing out of partnership tax treatment

# § 761 NPRM: Applicable Entities that Co-own Electricity-Producing Applicable Credit Property

- In response, Treasury has issued a **Notice of Proposed Rulemaking** that would **add exceptions** to the **existing § 1.761-2 election-out requirements** for co-ownership **arrangements that are organized exclusively to produce electricity from their applicable credit property** and for which one or more applicable entity co-owners will claim elective pay. The proposed guidance would:
  - Permit renewable energy investments to **be made through a noncorporate entity (e.g., a limited liability company)**, rather than requiring direct co-ownership of the property or facility by the applicable entity, opening up additional possible financing structures for applicable entities seeking to use elective pay
  - Modify certain joint marketing restrictions to provide that the members of the organization **can delegate authority to sell for a period of more than one year their shares of the electricity produced to the same agent**, but the delegation of authority cannot be for more than one year
    - This exception **allows a single agent to enter into a power purchase agreement** on behalf of the owners

# § 761 NPRM: Applicable Entities that Co-own Electricity-Producing Applicable Credit Property (Requirements)

- To qualify for one of the proposed exceptions, an unincorporated organization must also meet these four requirements:
  1. The organization must be owned, in part or in full, by **one or more applicable entities** (as defined in section 6417(d)(1) and §1.6417-1(c)).
  2. The organization's members must enter into a **joint operating agreement** with respect to the applicable credit property in which the members **reserve the right separately to take in kind or dispose of their pro rata shares** of the electricity produced, extracted, or used, or any associated renewable energy credits or similar credits.
  3. The organization must, pursuant to a joint operating agreement, be **organized exclusively to jointly produce electricity from its applicable credit property** (as defined in § 1.6417-1(e)) and for which one or more of the applicable credits listed in section 6417(b)(2), (4), (8), (10), and (12) is determined.
    - This requirement may be satisfied prior to the applicable credit property being placed in service (if necessary), provided the organization is in the process of completing the applicable credit property and will operate the applicable credit property once it is placed in service.
  4. One or more of the **applicable entities will make an elective payment election** under section 6417(a) for the applicable credits determined with respect to its share of the applicable credit property.

# § 761 NPRM: Applicable Entities that Co-own Electricity-Producing Applicable Credit Property (Example)

*This example illustrates the application of the specified exception for applicable unincorporated organizations:*

## Facts:

- T is an Indian tribal government as defined in § 1.6417–1(c) and an applicable entity. T and Y own an applicable credit property through a limited liability company organized under T's tribal law (TLLC) that has not made an election to be treated as an association for Federal tax purposes.
- T and Y enter into a joint operating agreement with respect to the ownership and operation of the applicable credit property in which each of T and Y reserve the right separately to take in kind or dispose of their pro rata shares of the electricity produced, extracted or used and any associated renewable energy credits or similar credits.
- On January 1st of year 1, T and Y enter into delegation agreements with Q that delegate T's and Y's authority to Q to sell electricity generated by T's and Y's shares of the applicable credit property.
- The term of each delegation agreements is one year, which does not exceed the minimum needs of the industry.
- On June 1st of year 1, Q enters into a power purchase agreement with Utility on T's and Y's behalf that commits T and Y to sell the electricity produced from their shares of the applicable credit property to Utility for a term of 15 years.
- At the end of the day on December 31<sup>st</sup> of year 1, the delegation agreements terminate.

## Analysis:

- Assuming the TLLC otherwise meets the requirements of paragraphs (a)(1) and (a)(4)(ii) of §1.761-2, such organization can make an election to be excluded from the application of all of subchapter K under section 761(a); that is, to be excluded from partnership tax treatment for these purposes.
- Because T and Y did not delegate authority for a period of more than one year to sell the electricity produced from their shares of the applicable credit property, the requirements regarding a permissible delegation of authority are met.
- As such, **T can make an elective payment election for the applicable credits determined with respect to its share of the applicable credit property**, assuming the requirements of section 6417 are otherwise met.
- The analysis in this example would be the same for T regardless of whether the other co-owner, Y, is also an Indian tribal government or other kind of applicable entity.



# **Transferability Final Regulations (Released 4/25/24)**



# Some highlights of the Transferability final regulations

1. Definition of “eligible taxpayer”
2. Transferability mechanics
3. Partnership and S corporation rules
4. Excessive credit transfers and recapture

## Transferability - Eligible Taxpayers

- To transfer credits, an entity must be an “eligible taxpayer.”
- The term “eligible taxpayer” means **any taxpayer that is not described in section 6417(d)(1)(A)**
- The regulations provide that “eligible taxpayer” means **any taxpayer** (as defined in section 7701(a)(14) of the Code), other than an applicable entity described in section 6417
- This term “taxpayer” in section 7701(a)(14) means “**any person subject to any internal revenue tax**” and generally, **includes entities that have a United States employment tax or excise tax obligation** even if they do not have a United States income tax obligation



# Transferability Mechanics

- A transferor **must register** each property or facility (or unit of carbon capture equipment) to which it desires to transfer credits
- A transferor and transferee must jointly execute a **transfer election statement** and file such statement with their annual returns for the tax year in which the credit is transferred
- **No further transfers** are allowed by the transferee.
  - Brokers are generally permissible, but amounts paid to a broker are not excludible from gross income
- Transferors can transfer **all or a portion** of an eligible credit
  - Transferred credits **must include a proportionate share** of each applicable bonus credit amount: bonuses cannot be transferred separately from base credits
  - However, there is **no limit on the number of transfer elections** or number of transferees for which a transferor can make a transfer election

## Transferability – Partnerships and S corporations

- If a partnership or S corporation holds eligible credit property, the partnership or S corporation is the transferor and not the partners or shareholders
- Any amount received as consideration is treated as tax exempt income
- Generally, a partner's distributive share of tax exempt income resulting from a transfer is equal to the partner's distributive share of the otherwise eligible credit transferred
- Regulations provide a special allocation rule for partnerships allowing for flexibility
- Partnerships and S corporations are permissible transferees; allocations of credits to partners and shareholders is not a second transfer

# Transferability – Excessive Credit Transfers and Recapture

- **Excessive credit transfer occurs** if the amount of credit claimed by a transferee exceeds the amount of credit determined for an eligible credit property
  - Excessive credit transfer liability is imposed on the transferee but is reduced by any credits retained by the transferor
  - Subject to a 20 percent addition to tax unless reasonable cause is demonstrated
- **Recapture occurs** if a later event causes some or all of an eligible credit to be recaptured, e.g., a disposition of an ITC property by a transferor within 5 years following placed in service would cause recapture
  - Recapture liability is generally imposed on the transferee but is proportionate as between a transferor and transferee if any credits are retained by the transferor
  - Exception for indirect recapture events caused by partners or shareholders in transferor partnerships or S corporations

# **Energy Credits Online and Process to Claim Credits**



# Pre-Filing Registration

## As authorized in their statutes, the both Elective Pay and Transferability contain a required pre-filing registration process

- Pre-filing registration is **mandatory** for applicable entities, electing taxpayers, or eligible taxpayers that wish to make an elective payment election for applicable credits or a transfer election for eligible credits.
- This is a critical tool for the IRS to safeguard against fraud and improper payments.
- The regulations describe:
  - The manner of pre-filing registration;
  - Pre-filing registration and election for members of a consolidated group
  - Timing of pre-filing registration
  - Requirement that each applicable credit property have its own registration number
  - Other information required prior to completing the pre-filing registration process
- *Publication 5884, Inflation Reduction Act (IRA) and CHIPS Act of 2022 (CHIPS) Pre-Filing Registration Tool User Guide and Instructions*, provides detailed information on how to register.
- Treasury and IRS will continue to monitor the pre-filing registration process to determine whether there are areas in which more efficiencies in the pre-filing registration process can be created.





# Pre-Filing Registration: IRS Clean Energy Online (ECO)

**Welcome to IRS Clean Energy**

The Inflation Reduction Act (IRA) and the Chips and Science Act (CHIPS Act) offer credits for clean energy and manufacturing investments.

**Clean Energy and Semiconductor Manufacturers**  
CHIPS and IRA Credits

Register your intent to make an elective payment or transfer election. You may receive a registration number to use when you file your tax return.

**GET STARTED**

**Vehicle Manufacturers**  
Clean Vehicle Credits

Manufacturers of electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs) may qualify for clean vehicle tax credits. You must report details for each EV you manufacture.

**GET STARTED**

**Vehicle Dealers and Sellers**  
Clean Vehicle Credits

Report new and used vehicles that are eligible for a clean vehicle credit under Internal Revenue Code 30D and 25E.

**GET STARTED**

**IRA/CHIPS Credits**

Register your intent to make a credit election. Refer to the [instructions](#) to understand what information and documents you will need to provide for each credit prior to beginning your registration. Refer to our [privacy notice](#) for more details on why we ask for this information.

You may be eligible for either:

- An elective payment. This will be applied as a credit to any taxes owed first. If there's excess, this may result in a refund
- A transfer election. This allows you to transfer all or part of the credit to an unrelated party in exchange for cash

**2023 IRA/CHIPS Credit Registration**

Have your Taxpayer ID (EIN) on hand to register. You'll also need to know the type of federal tax returns you file and details about the facilities or properties you are registering. You can save and return later to finish.

**REGISTER**

**Your Registrations**

- View registrations
- See each registration number by facility/property
- Get account status updates

[View your registrations and status updates](#)

**Email Notifications**

Receive notification when there is a status change to your registration. You must opt in to receive notification. If you choose not to opt in, you should return at least monthly to check for status updates.

[Manage email notifications](#)

See Appendix for step-by-step information. A comprehensive user guide and video tutorial can also be found at [www.irs.gov/eptregister](http://www.irs.gov/eptregister).



# Closing

- More Information on Direct Pay
  - ✓ [IRS.gov/ElectivePay](https://www.irs.gov/ElectivePay)
    - ✓ [Pre-filing Registration User Guide](#); [How-to-Video](#)
    - ✓ [Permission Management User Guide](#)
    - ✓ [FAQs](#)
  - ✓ [CleanEnergy.gov/DirectPay](https://www.CleanEnergy.gov/DirectPay)
  - ✓ Subscribe to IRS e-News Subscriptions by visiting [IRS.gov/newsroom/e-news-subscriptions](https://www.irs.gov/newsroom/e-news-subscriptions) → Tax exempt & government entities
- More information on the IRA
  - ✓ [IRS.gov/CleanEnergy](https://www.irs.gov/CleanEnergy)
  - ✓ [www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/](https://www.whitehouse.gov/cleanenergy/inflation-reduction-act-guidebook/)



# APPENDIX

- Determining Tax Year for Entities without a Filing Obligation
- Pre-Filing Registration: Step by Step

# Determining Tax Year for Entities without a Filing Obligation

## Example

Under the final regulations, a tribal government that keeps its books and records on a fiscal year basis can choose to file a Form 990-T for 2023 using a calendar year tax year, enabling it to make an elective pay election with respect to an applicable credit property regardless of when it was placed in service during calendar year 2023. **The tribal government must not have a Federal income tax return requirement under section 6011 of the Code or a Federal return requirement under 6033(a) of the Code and must be filing Form 990-T for the sole purpose of using elective pay.**



July 1, 2022

The tribal government's fiscal year (for non-tax purposes) begins on July 1, and ends June 30.



April 1, 2023

The tribal government places applicable credit property in service on April 1, 2023



After April 1, 2023 and before filing

The tribal government completes its pre-filing registration and chooses to adopt a calendar year (January 1 – December 31) tax year for purposes of section 6417. It maintains adequate books and records



by May 15, 2024

The tribal government files their 2023 Form 990-T on a calendar year basis to claim credits on the applicable credit property placed in service on April 1, 2023

# Pre-Filing Registration: Step by Step

You must first create a Clean Energy Business Account for your organization at [www.irs.gov/epregister](http://www.irs.gov/epregister). You will then begin the registration process below. Only an authorized representative of the entity may register and provide information and this representative's personal identity will be verified during the registration process.

The screenshot shows the IRS Clean Energy homepage. At the top, there is a blue header with the IRS logo and navigation links for 'DEALERSHIP', 'Profile', 'Help', and 'Logout'. Below the header, the page is titled 'Welcome to IRS Clean Energy' and includes a sub-header: 'The Inflation Reduction Act (IRA) and the Chips and Science Act (CHIPS Act) offer credits for clean energy and manufacturing investments.' The main content area is divided into three columns, each with a 'GET STARTED' button. The first column is for 'Clean Energy and Semiconductor Manufacturers' (CHIPS and IRA Credits), the second for 'Vehicle Manufacturers' (Clean Vehicle Credits), and the third for 'Vehicle Dealers and Sellers' (Clean Vehicle Credits). The 'GET STARTED' button for the first column is circled in blue.

The screenshot shows the IRS Clean Energy 'IRA/CHIPS Credits' registration page. At the top, there is a blue header with the IRS logo and navigation links for 'BUSINESS NAME', 'Profile', 'Help', and 'Logout'. Below the header, the page is titled 'IRA/CHIPS Credits' and includes a sub-header: 'Clean Energy / IRA/CHIPS Credits'. The main content area is divided into two columns. The left column is titled '2023 IRA/CHIPS Credit Registration' and includes a 'REGISTER' button circled in blue. The right column is titled 'Your Registrations' and includes a list of links: 'View registrations', 'See each registration number by facility/property', and 'Get account status updates'. Below the 'Your Registrations' section, there is a link to 'View your registrations and status updates'. At the bottom of the page, there is an 'Email Notifications' section with a link to 'Manage email notifications'.

A comprehensive user guide and video tutorial can also be found at [www.irs.gov/epregister](http://www.irs.gov/epregister).



# Pre-Filing Registration: Step by Step

## Registrant Type \*

Unsure of your registrant type? See the definitions at the bottom of the page

- Organization exempt from the tax imposed by subtitle A by reason of Section 501(a) of the Code
- Government of any U.S. territory or a political subdivision thereof (including an agency or instrumentality)
- State, the District of Columbia, or political subdivision thereof (including an agency or instrumentality)
- Indian tribal government or a subdivision thereof (including an agency or instrumentality)
- Alaska Native Corporation (excluding an Alaska Native Settlement Trust)
- Tennessee Valley Authority
- Rural electric cooperative
- Partnership
- S corporation
- C corporation
- Real Estate Investment Trust
- Sole Proprietorship
- Trust
- Other

- The [user guide](#) contains descriptions for each option if you are unsure of your registrant type
- Prior to providing credit specific information, you will also be asked for:
  - Address information – provide the address used on the registrant’s last annual return or last employment tax return.
  - Banking information
  - Information about returns filed

# Pre-Filing Registration: Step by Step

- Select the credits your organization intends to claim using direct pay.
- Specific information will be required for each credit.

IRA Credits	
<input type="checkbox"/> <b>(30C) Alternative Fuel Refueling Property Credit</b> Investment tax credit for alternative fuel refueling property placed in service in a population census tract that is a low-income community for purposes of the new markets tax credit, or in a population census tract that is not an urban area.	<input type="checkbox"/> <b>(45) Renewable Electricity Production Credit</b> Production tax credit for production of electricity from qualified energy resources at a qualified facility during the 10-year credit period which is sold to an unrelated party.
<input type="checkbox"/> <b>(45Q) Carbon Oxide Sequestration Credit</b> Production tax credit for capture and sequestration of carbon oxide at a qualified facility.	<input type="checkbox"/> <b>(45U) Zero Emission Nuclear Power Production Credit</b> Production tax credit for electricity produced by the taxpayer at a qualified nuclear power facility (which excludes an advanced nuclear facility defined in section 45J).
<input type="checkbox"/> <b>(45V) Clean Hydrogen Production Credit</b> Production tax credit for the domestic manufacturing and sale of certain solar and wind energy components, certain inverters, qualifying battery components, and applicable critical minerals.	<input type="checkbox"/> <b>(45W) Qualified Commercial Clean Vehicles Credit</b> Investment tax credit for purchase of one or more qualified commercial clean vehicles.
<input type="checkbox"/> <b>(45X) Advanced Manufacturing Production Credit</b> Creates a new credit to include production of other clean energy products and materials. (E.g., wind, solar, battery storage, inverters, applicable critical minerals components)	<input type="checkbox"/> <b>(45Y) Clean Electricity Production Credit</b> Production tax credit for production of electricity at facilities with a greenhouse gas emissions rate not greater than zero.
<input type="checkbox"/> <b>(45Z) Clean Fuel Production Credit</b> Production tax credit limited to registered producers of certain clean transportation fuels produced in the United States.	<input type="checkbox"/> <b>(48) Energy Credit</b> Extends and expands the 48 Energy credit based upon the investment in qualified energy property.
<input type="checkbox"/> <b>(48C) Advanced Energy Project Credit</b> Investment tax credit for qualifying investments in qualifying advanced energy projects that receive an allocation based on a competitive application process.	<input type="checkbox"/> <b>(48E) Clean Electricity Investment Credit</b> Investment tax credit for qualified investment in qualifying zero-emissions electricity generation facilities or energy storage technology.

# Pre-Filing Registration: Step by Step

- The registrant will need a separate pre-filing registration number for each facility/property.
- In addition to providing credit specific information, such as the location of the facility, you will need to provide supporting documentation.
- The user guide offers additional details, including how to use the bulk upload option.

## Add Supporting Documents to Facility/Property 1

(\*) Indicates a required field

To apply for a registration number, provide one or more of the documents types listed below. Failure to do so may result in a delay.

### Document Types

- Permits
- Life cycle assessment Department of Energy and IRS approval letter (utilization of captured CO2 only)
- Engineer certification (enhanced oil recovery)
- Evidence of ownership

### Instructions

Upload your supporting documentation below. Once you upload your document, you'll need to select a document type below. Make sure to press **SAVE** before leaving the page. Otherwise, any updates will be lost.

- Maximum number of files: 10
- File types allowed: .pdf, .jpg, .jpeg, .png, .ppt, .pptx, .doc, .docx, .xls, and .xlsx
- Maximum file size : 15MB/file
- PDF files must be 120 pages or less
- File name cannot contain: `!@\$%^&\*[]{};":'<>/?-

Drag and drop files here, or

SELECT FILES TO UPLOAD



# Pre-Filing Registration: Step by Step


The screenshot shows the '2023 IRA/CHIPS Credit Registration' page in the 'Review & Submit' step. A progress bar at the top indicates five steps: General Info, Credit Selection, Facility/Property Info, Review & Submit (current step), and Confirmation. Below the progress bar, the 'Review & Submit' section contains a 'General Information' card with an 'Edit' link. At the bottom, there is an 'Attestation' section with a checkbox and a declaration: 'Under penalties of perjury, I declare that the information contained in this authorization is true, correct and complete to the best of my knowledge and belief.' Below the attestation are three buttons: 'BACK', 'SUBMIT', and 'SAVE PROGRESS', along with a 'Cancel' link.

- You can save your work in progress.
- Until you submit the registrant's registrations for review, the "CONTINUE REGISTRATION" option will appear, and the Submission Status will show as "Draft."
- Review and, when accurate and complete, submit your requests for registration numbers.

The screenshot shows the 'Your Registrations' page. It displays a table with one registration entry: '2023 IRA/CHIPS Credit Registration' with a 'Submission Status' of 'Draft' and 'Facilities/Properties' of '21,103'. A 'CONTINUE REGISTRATION' button is visible in the top right corner. Below the table, there is a 'Registration Information' section with a table header: 'Registration #', 'Credit', 'Facility/Property #', 'Identifier', 'Election Type', 'Facility/Property Status', and 'Comments'. The table body shows '21,234 Facilities/Properties'.

# Pre-Filing Registration: Step by Step

- After you submit a registration package, you can monitor its status in the "Your Registrations" site.
- A registration submitted for review cannot be changed until it is:
  - Returned with registration numbers or;
  - Returned with comments that explain why registration numbers were not issued.
- Your submission status will appear as one of the following:
  - Awaiting Assignment
  - Under Review
  - Returned
  - Returned – Closed
  - Returned – Open

 **Success**

We received your 2023 IRA/CHIPS Credit Registration.

[Return to IRA/CHIPS Home](#)

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### Confirmation

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#### What's next?

**Check Your Registration Status**  
[View your registrations](#) at least monthly to check current status, make changes, provide requested information and get your registration numbers. Registration details can only be found under **Your Registrations**.

**Respond to Requests for Information Within 60 Days**  
We process registrations in the order received. If necessary, we will initiate a request for more information. You'll have 60 days to respond to the request before we stop action on your registration. If you resubmit your registration after the 60-day period, your registration will go to the back of the line.

**Get Your Registration Numbers**  
If approved, you'll receive your registration numbers to use when you file your return.

**Sign up for Notices About Registration Status Changes**  
[Manage email notifications](#) about your registration status.

- If you opt in, we'll send you an email notice to sign in to your Clean Energy Business Account when the status of your registration changes, or if you need to provide more information
- If you chose not to receive email notices, return at least monthly to check for status updates and requests for information. We will not send any other form of communication

*You can revise a submitted registration only once it is returned by the IRS*

