

\$10 Billion in Tax Credits Available Under Internal Revenue Code Section 48(c)

Details of New Legislation

The Advanced Energy Program under Section 48(c) of the Internal Revenue Code has been revived, now with an expanded scope of eligible activities. This federal tax credit program now covers a much broader range of areas for advanced energy development in renewable energy, advanced battery manufacturing, and other innovative sectors meaning that even more projects may qualify.

The program has allocated a total of \$10 billion in credits for qualifying investments that promote carbon reductions. On February 13, the IRS released initial program guidance via Notice 2023-18. The program will provide two rounds of funding with a \$4 billion allocation in the first round. The Department of Energy (DOE) will administer the application process by accepting initial concept papers in a window beginning on May 31 and ending on July 31. The DOE will rank an application based on a variety of criteria, including but not limited to; job creation, net impact in avoiding or reducing air pollutants or emissions of greenhouse gases, levelized cost of energy or reduction in consumption, and a project's timeline. Allocations will be awarded in the order of ranking until all funds have been exhausted. This program will be highly competitive.

Section 48(c) Tax Credits

Advanced energy projects that may qualify for this program include projects in the following three categories:

- Projects that re-equip, expand, or establish an industrial or manufacturing facility for the production or recycling of specified advanced energy property.
- Projects that re-equip any industrial or manufacturing facility with equipment designed to reduce greenhouse gas emissions by at least 20%.
- Projects that re-equip, expand, or establish an industrial facility for the processing, refining, or recycling of critical materials.

Program Features

Each application will be reviewed by the DOE to determine whether to recommend a project for certification. Recommended projects will have two years to meet certification requirements and another two years to place the project in service. Under IRC Section 48(c), qualifying advanced energy projects may be eligible to earn tax credits equal to 30% of the qualified investment. If certain prevailing wage and apprenticeship requirements are not met, then the credit percentage drops to 6%. Carryforward provisions have not yet been established.

Recommended Action

Section 48(c) Tax Credits will be a powerful tool for a new or expanding business that meets the requirements of the program. With a limited funding allocation, it's crucial that interested companies act swiftly as the application process is expected to be highly competitive. The experts at Atlas Insight will help guide you through qualifying for this program.

Please contact **Brian Corde** at (732) 410-4568 or bcorde@atlasinsight.com
for help securing every incentive dollar for your project!