

An Overview of the Climate Provisions of the Inflation Reduction Act (IRA)

Welcome to the Energy Tax Revolution!

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The Inflation Reduction Act , P.L. 117-169

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Public Law 117-169
117th Congress

An Act

Aug. 16, 2022 (H.R. 5275)
Aggregations
Abbreviations

To provide for reconciliation pursuant to title II of S. Con. Res. 14,
Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,

TITLE I—COMMITTEE ON FINANCE Subtitle A—Deficit Reduction

SECTION 18601. AMENDMENT OF 1986 CODE

Except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

PART 1—CORPORATE TAX REFORM

SEC. 18601. CORPORATE ALTERNATIVE MINIMUM TAX

(a) DEPOSITION OF TAX.—
RE UNCL. (1) IN GENERAL.—Paragraph (2) of section 550(b) is amended to read as follows:
(2) CORPORATIONS.—
(A) APPLICABLE CORPORATIONS.—In the case of an applicable corporation, the tentative minimum tax for the taxable year shall be the excess of—
(i) 15 percent of the adjusted financial statement income for the taxable year (as determined under section 56A), over
(ii) the corporate AMT foreign tax credit for the taxable year.
(B) OTHER CORPORATIONS.—In the case of any corporation which is not an applicable corporation, the tentative minimum tax for the taxable year shall be zero.
(2) APPLICABLE CORPORATION.—Section 59 is amended by adding at the end the following new subsection:
(k) APPLICABLE CORPORATION DEFINED.—
(1) APPLICABLE CORPORATION DEFINED.—
(A) IN GENERAL.—The term ‘‘applicable corporation’’ means, with respect to any taxable year, any corporation (other than an S corporation, a regulated investment company, or a real estate investment trust) which meets the

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Extensions/Expansions

- Section 40 Fuel Production Tax Credit
- Section 45 Electricity Production Tax Credit
- Section 48 Investment Tax Credit
- Individual and Efficiency Incentives (25C, 25D, 45L, 179D)
- Section 30 Credit for Electric Vehicles
- Section 30C Credit for Electrification Charging Stations
- Section 48Q Carbon Sequestration Credit



New Provisions

- Clean Nuclear Power Credit (section 45U)
- Sustainable Aviation Fuel Credit (section 40B)
- Clean Hydrogen Credit (section 45V)
- Advanced Manufacturing Credit (sections 48C and 45X)
- Post-2024 Clean Electricity and Clean Fuel Credits (sections 45Y, 48D, 45C)



Bonuses

- Basic Credit Structure: 6%/30% ITC; 3 cents/1.5 cents PTC
- Prevailing Wages and Apprenticeship Programs (5X)
- Domestic Content (10%)
- Energy Communities (10%)
- Low-income communities (10-20%)



Bonuses (cont'd)

Prevailing Wages:

- Contractors and subcontractors must pay laborers and mechanics the prevailing wage for their trade, as determined by the Department of Labor under the long-standing prevailing wage rules.

Apprenticeship Programs:

- Contractors and subcontractors who employ at least four laborers or mechanics must participate in a qualified apprenticeship program, with apprentices performing at least 12.5% of total labor hours in 2023 and 15% thereafter.
- There is an exception for employers who have made a good faith effort to employ requisite apprentices but have been able to do so.



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