

What's New

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Many people have been asking whether the Inflation Reduction Act might be repealed if Trump is elected. The answer is no. Repeal requires action by Congress. There is no scenario where the Republicans will end up with an effective majority in the Senate.

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Nevertheless, if it looks by late summer like Trump will win, look for developers to sign binding contracts to lock in grandfather rights. Whenever Congress has revoked incentives in the past, it has grandfathered taxpayers who committed to investments based on the existing incentives.

Congress is working on a tax extenders bill that would allow a 100% depreciation bonus for projects placed in service in 2023, 2024 and 2025 and defer a tighter cap on interest deductions until 2026. The outlook is uncertain, but the odds will improve if the full House passes the bill this week.

The Treasury will rush to get out the remaining Inflation Reduction Act guidance by late summer. An incoming Republican Congress in 2025 could use the Congressional Review Act to rescind any final regulations that are issued in the last 60 days of the current Congress.

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Calculating the domestic content of projects to claim a 10% bonus tax credit has been impossible because it requires equipment manufacturers to disclose their costs. Treasury is expected to issue new proposed regulations in early Q2.

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