

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

Welcome to the Energy Tax
Revolution!

Michael W. Evans, Esq., K&L Gates LLP, Washington, DC

© Copyright 2023 by K&L Gates LLP. All rights reserved.

0

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

136 STAT. 1818 PUBLIC LAW 117-169—AUG. 16, 2022

Public Law 117-169
117th Congress
An Act
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 sub-
title an amendment or repeal is expressed in terms of an amend-
ment 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) IMPOSITION OF TAX.—
(1) IN GENERAL.—Paragraph (2) of section 55(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 sec-
tion 56A), over
“(ii) the corporate AMT foreign tax credit for the
taxable year.
“(B) OTHER CORPORATIONS.—In the case of any corpo-
ration 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 com-
pany, or a real estate investment trust which meets the

1

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%)



2023

klgates.com

4

4

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.



2023

klgates.com

5

5

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Inflation Reduction Act—Part 1

Also available as part of the eCourse

[Inflation Reduction Act: Opportunities for Colleges and Universities](#)

First appeared as part of the conference materials for the
11th Annual Higher Education Taxation Institute session

"Inflation Reduction Act—Part 1"