



## Advanced Energy Project Credit

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**Federal Agency:** Department of the Treasury, Department of Energy

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**IRA Statutory Location:** 13501

**Tax Code Location:** 26 U.S. Code § 48C

**Tax Provision Description:** Provides a tax credit for investments in advanced energy projects, as defined in 26 USC § 48C(c)(1).

**Period of Availability:** The credit is available when the application and certification process begins and ends when credits are fully allocated.

**Tax Mechanism:** Allocated investment credit. 48C provides \$10 billion of allocations, at least \$4 billion of which must be allocated in energy communities.

**New or Modified Provision:** Modified and extended. 48C had been enacted in 2009 but was fully allocated after the 2nd allocation round in 2013. The Inflation Reduction Act provides \$10 billion of allocations, directs a minimum share to energy communities, and expands eligibility to new types of projects.

**Eligible Recipients:** A project that (1) re-equips, expands, or establishes an industrial or manufacturing facility for the production or recycling of a range of clean energy equipment and vehicles; (2) re-equips an industrial or manufacturing facility with equipment designed to reduce greenhouse gas emissions by at least 20 percent; or (3) re-equips, expands, or establishes an industrial facility for the processing, refining, or recycling of critical materials.

**Tribal Eligibility:** Yes

**Base Credit Amount:** 6% of taxpayer's qualifying investment

**Bonus Credit Amount:** Businesses can claim a 30% credit for projects meeting prevailing wage and registered apprenticeship requirements. Initial guidance on the labor provisions is available [here](#).

**Direct Pay Eligibility:** Yes, for tax-exempt organizations; states; political subdivisions; the Tennessee Valley Authority; Indian Tribal governments; Alaska Native Corporations; and rural electricity co-ops.

**Transferability:** Yes

**Stackability:** Cannot claim 45X credit for property produced at facilities that received the 48C credit.



**Relevant Announcements:** [Request for Comments on Energy Security Tax Credits for Manufacturing Under Sections 48C and 45X \(10/5/2022\)](#)  
[Prevailing Wage and Apprenticeship Initial Guidance \(11/29/2022\)](#)  
[FAQ: Prevailing Wage and the Inflation Reduction Act](#)  
[FAQ: Apprenticeships and the Inflation Reduction Act](#)