



## Clean Electricity Investment Tax Credit

---

**Federal Agency:** Department of the Treasury

---

**IRA Statutory Location:** 13702

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

**Tax Provision Description:** Provides a technology-neutral tax credit for investment in facilities that generate clean electricity. Replaces the investment tax credit for facilities generating electricity from renewable sources (extended in Section 13202 through 2024).

**Period of Availability:** Facilities placed in service after 12/31/24. Phase-out starts the later of (a) 2032 or (b) when U.S. greenhouse gas emissions from electricity are 25% of 2022 emissions or lower.

**Tax Mechanism:** Investment tax credit

**New or Modified Provision:** New

**Eligible Recipients:** Facilities that generate electricity with a greenhouse gas emissions rate that is not greater than zero and qualified energy storage technologies.

**Tribal Eligibility:** Yes

**Base Credit Amount:** 6% of qualified investment (basis)

**Bonus Credit Amount:** Credit is increased by 5 times for facilities meeting prevailing wage and registered apprenticeship requirements. Initial guidance on the labor provisions is available [here](#). Credit is increased by up to 10 percentage points for facilities meeting certain domestic content requirements for steel, iron, and manufactured products. Credit is increased by up to 10 percentage points if located in an energy community.

**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:** Credit reduced for tax-exempt bonds with similar rules as section 45(b)(3).

**Additional Information:** Section 13703 offers an additional tax deduction for facilities or property qualifying for this tax credit. These facilities or property will be treated as a 5-year property for purposes of cost recovery; meaning, they will be able to deduct from their taxable income the depreciating value of their business assets, such as equipment, faster than the value



actually declines. In practical terms, qualifying facilities or property will be able to take bigger deductions—leaving them with lower taxable income—in the earlier years of a clean energy investment.

**Relevant Announcements:** [Request for Comments on Certain Energy Generation Incentives](#) (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](#)