



Clean Fuel Production Credit

Federal Agency: Department of the Treasury

IRA Statutory Location: 13704

Tax Code Location: 26 U.S. Code § 45Z

Tax Provision Description: Provides a tax credit for domestic production of clean transportation fuels, including sustainable aviation fuels.

Period of Availability: Fuel produced after 12/31/24 and used or sold before 12/31/27.

Tax Mechanism: Production tax credit

New or Modified Provision: New

Eligible Recipients: Registered producers in the United States. Fuels with less than 50 kilograms of carbon dioxide equivalent per million British thermal units (CO₂e per mmBTU) qualify as clean fuels eligible for credits.

Tribal Eligibility: Yes

Base Credit Amount: The base amount is \$0.20/gallon for non-aviation fuel and \$0.35/gallon for aviation fuel, multiplied by the carbon dioxide “emissions factor” of the fuel. Inflation adjusted after 2024.

Bonus Credit Amount: Credit is 5 times the base amount (\$1/gallon for non-aviation fuel, \$1.75 gallon for aviation fuel, multiplied by the emissions factor) for facilities meeting prevailing wage and registered apprenticeship requirements. Inflation adjusted after 2024. 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: No rules

Relevant Announcements: [Request for Comments on Credits for Clean Hydrogen and Clean Fuel Production](#) (11/3/2022)
[Prevailing Wage and Apprenticeship Initial Guidance](#) (11/29/2022)
[FAQ: Prevailing Wage and the Inflation Reduction Act](#)
[FAQ: Apprenticeships and the Inflation Reduction Act](#)