



## Clean Hydrogen Production Tax Credit

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**Federal Agency:** Department of the Treasury

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**IRA Statutory Location:** 13204

**Tax Code Location:** 26 U.S. Code § 45V

**Tax Provision Description:** Provides a tax credit for the production of clean hydrogen at a qualified clean hydrogen production facility.

**Period of Availability:** Credit is for hydrogen produced after 12/31/22. Credit is available for facilities placed in service before 1/1/33 for their first 10 years in service.

**Tax Mechanism:** Production tax credit

**New or Modified Provision:** New. The existing excise tax credit for liquified hydrogen terminates after 12/31/22.

**Eligible Recipients:** Producers of hydrogen in the United States.

**Tribal Eligibility:** Yes

**Base Credit Amount:** \$0.60/kg multiplied by the applicable percentage. The applicable percentage ranges from 20% to 100% depending on lifecycle greenhouse gas emissions. The \$0.60/kg is adjusted for inflation.

**Bonus Credit Amount:** 5 times the base credit if the facility meets 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 (applicable entities). Applies to facilities placed in service after December 31, 2012. Applies separately with regard to each facility. Entities other than applicable entities are eligible for up to 5 years of direct pay, which is less than the full credit period and expires at the end of 2032, if they make an election.

**Transferability:** Yes

**Stackability:** Taxpayers can make an irrevocable election to choose the ITC in lieu of the 45V credit as long as they have not claimed the 45Q credit for carbon sequestration. Credit reduced for tax-exempt bonds with similar rules as section 45.



**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](#)