



Increase in Energy Credit for Solar and Wind Facilities Placed in Service in Connection with Low-Income Communities

Federal Agency: Department of the Treasury

IRA Statutory Location: 13103, 13702(h)

Tax Code Location: 26 U.S. Code § 48(e), 26 U.S. Code § 48E(h)

Tax Provision Description: Provides an additional investment tax credit for small-scale solar and wind facilities in low-income communities.

Period of Availability: 48(e) begins in 2023 and ends when the 48E(h) Clean Electricity Investment Tax Credit becomes available in 2025 through 2032.

Tax Mechanism: Allocated investment credit, capped at 1.8 GW per year. Unused capacity carries over to following year.

New or Modified Provision: New

Eligible Recipients: Solar and wind facilities with a maximum net output of less than 5 MW, including associated energy storage technology.

Tribal Eligibility: Yes, facilities on Indian land qualify for the 10 percentage point bonus credit.

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

Bonus Credit Amount: Credit is increased by 10 percentage points for facilities located in low-income communities or on Tribal land. Credit is increased by 20 percentage points for facilities that are part of certain federally subsidized housing programs or that offer at least 50 percent of the financial benefits of the electricity produced to low-income households. This bonus amount will require an application by the taxpayer, with a cumulative total of 1.8 GW of direct current capacity per year available for allocation.

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 Certain Energy Generation Incentives](#) (10/5/2022)