



Production Tax Credit for Electricity from Renewables

Federal Agency: Department of the Treasury

IRA Statutory Location: 13101

Tax Code Location: 26 U.S. Code § 45

Tax Provision Description: Provides a tax credit for production of electricity from renewable sources.

Period of Availability: Projects beginning construction before 1/1/25.

Tax Mechanism: Production tax credit

New or Modified Provision: Modified and extended. Extended for projects beginning construction before 1/1/25. Modified to tie the value of the credit to meeting prevailing wage and registered apprenticeship requirements.

Eligible Recipients: Facilities generating electricity from wind, biomass, geothermal, solar, small irrigation, landfill and trash, hydropower, and marine and hydrokinetic renewable energy.

Tribal Eligibility: Yes

Base Credit Amount: 0.3 cents/kW, inflation adjusted*

Bonus Credit Amount: Credit is increased by 5 times for projects meeting prevailing wage and registered apprenticeship requirements. Initial guidance on the labor provisions is available [here](#). Credit is increased by 10% if the project meets certain domestic content requirements for steel, iron, and manufactured products. Credit is increased by 10% 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. Applies to qualified facilities that are originally placed in service after December 31, 2022; applies separately with respect to each qualified facility.

Transferability: Yes

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

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](#)

* A previous version of this guidebook erroneously stated the base credit as \$0.03/kW.