# Incentives for Businesses

*Using this document: This document is intended to be content uploaded onto a clean energy incentive hub. All text in <red> is instructions for web design teams on how content can be structured online. You can also find a downloadable word version of this document in English and Spanish.*

Taking advantage of energy incentives can help make your business more competitive, save money on energy bills, scale up your operations, and reduce your environmental footprint.

**For example, with these new incentives you can receive...**

* $100,000 off building an EV charger
* A $5,000 credit to build an energy efficient home
* 30% off the costs of installing solar panels
* Up to $5 per square foot credit for energy efficiency building improvements

This page breaks down types of projects that can help you save money and modernize your businesses by generating renewable energy, cutting building energy costs, purchasing electric vehicles and chargers, retrofitting manufacturing facilities, or joining the clean energy economy with industrial manufacturing.

**Credit Deadlines**

|  |  |
| --- | --- |
| Incentive | Incentive Availability |
| Credit for Qualified Commercial Clean Vehicles 45W | Available for vehicles acquired by September 30, 2025 |
| Energy Efficient Commercial Buildings Deduction 179D | Available for property beginning construction by June 30, 2026 |
| New Energy Efficient Home Credit 45L: | Available for property acquired by June 30, 2026 |
| Alternative Fuel Vehicle Refueling Property Credit 30C | Available for property placed in service by June 30, 2026 |
| Clean Hydrogen Production Tax Credit 45V | Facilities must begin construction by the end of 2027 |
| Clean Fuel Production Credit 45Z | Fuel must be sold by December 31, 2029 |
| Credit for Carbon Sequestration 45Q | Facilities must begin construction by the end of 2032 |
| Advanced Manufacturing Production Credit 45X | * Available for wind energy components by 2027 * Metallurgical coal added to 45X as a critical mineral through 2029 * Credit phases out for other critical minerals over 2031-33 * Credit continues to phase out for all other eligible components over 2030-32 |
| Clean Electricity Production Tax Credit 45Y | * Wind and solar: Projects must begin construction no more than one year after enactment (by 7/4/26) or be placed in service by the end of 2027 * Other technologies (e.g. storage, geothermal, hydropower, nuclear): by the end of 2033 for full value or end of 2035 for partial value |
| Clean Electricity Investment Tax Credit 48E | * Wind and solar: Projects must begin construction no more than one year after enactment (by 7/4/26) or be placed in service by the end of 2027 * Other technologies (e.g. storage, geothermal, hydropower, nuclear): by the end of 2033 for full value or end of 2035 for partial value |

## I’m interested in generating renewable energy

Generating your own renewable energy can help you save money on purchasing electricity, make your business more energy independent from grid instability, and reduce company emissions to meet sustainability goals. Incentives help make it more affordable to:

* Install solar panels at your business
* Build energy storage to save excess energy for later

### Renewable energy generation incentives

Click on individual incentive names to expand for more information.

*<You can click on individual incentives (each bullet bolded text) to expand to the more detailed information below.>*

**Clean Electricity Production Tax Credit 45Y:** A federal tax credit for producing clean electricity

<[+] Expanded details>

**What qualifies:** Facilities that produce clean electricity. The tax credit is technology-neutral, and eligible facilities are defined as those with zero-emissions electricity generation, such as geothermal, nuclear, solar, wind, and hydroelectric. The credit is good for 10 years after the equipment is placed in service. To be eligible, the clean electricity facility must be:

* Located in the United States or US territories
* Using equipment that is new or being used for the first time

New foreign entity of concern (FEOC) requirements were put in place starting on July 4, which may reduce how many projects are able to receive the credit.

Entity-level rules take effect starting in 2026, disallowing access to the tax credit if the taxpayer is a specified foreign entity or a foreign influenced entity. Material assistance rules take effect for projects that commence construction after 2025, disallowing access to the tax credit if the material deployed (e.g., solar panels) comes from prohibited foreign entities. Further details of FEOC restrictions and definitions can be found at [this Tax Law Center resource](https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules).

**Incentive value:**

● The base credit amount is 0.3 cents/kWh and can be adjusted for inflation up to 1.5 cents/kWh.

● Credit is increased by five times for projects meeting prevailing wage and registered apprenticeship requirements.

● Credit is increased by 10% for projects meeting certain domestic content requirements for steel, iron, and manufactured products.

● Credit is increased by 10% if located in an energy community. See if your location is eligible [here.](https://arcgis.netl.doe.gov/portal/apps/experiencebuilder/experience/?id=a2ce47d4721a477a8701bd0e08495e1d)

● You may not combine the Clean Electricity Investment Tax Credit 48E and Clean Electricity Production Tax Credit 45Y for the same facility.

Direct pay is available for tax-exempt organizations. For entities not eligible for direct pay, the credit may be transferred by selling all or a portion of the tax credit to an unrelated taxpayer. Credits from a single property can be sold to multiple buyers in the same tax year.

**Who is eligible:** Producers of clean electricity, including tax-exempt organizations.

**When the credit is available:**

* For wind and solar projects that begin construction by July 4, 2026 or are placed in service by December 31, 2027.
* Other technologies such as storage, geothermal, hydropower, and nuclear are available for projects that begin [construction](https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules) by December 31, 2033 for full value or by 2035 for partial value. The tax credit phases down to partial values of 75% in 2034, 50% in 2035, and 0% in 2036.

**How to claim the credit:** Eligible electricity producers must fill out [form 8835](https://www.irs.gov/pub/irs-pdf/i8835.pdf) to claim the credit when filing their taxes. Additional guidance may come on applying for 2025 tax credits.

Tax-exempt entities must follow the instructions for direct pay. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that don’t normally file a tax return.

Organizations that wish to transfer their tax credits must pre-register with the IRS before the tax return is due and receive a registration number.

See more information on this tax credit [here.](https://www.irs.gov/credits-deductions/clean-electricity-production-credit)

<End of expanded details>

**Clean Electricity Investment Tax Credit 48E:** A federal tax credit for investing in the installation of clean electricity equipment

<[+] Expanded details>

**What qualifies**: Facilities that install eligible clean energy or electricity equipment.

The tax credit is technology-neutral and eligible facilities are defined as facilities that generate electricity with a greenhouse gas emissions rate that is not greater than zero and qualified energy storage technologies.

New foreign entity of concern (FEOC) requirements were put in place starting on July 4, that may reduce how many projects are able to receive the credit.

Entity-level rules take effect starting in 2026, disallowing access to the tax credit if the taxpayer is a specified foreign entity or a foreign influenced entity. Material assistance rules take effect for projects that commence construction after 2025, disallowing access to the tax credit if the material deployed (e.g., solar panels) comes from prohibited foreign entities. Further details of FEOC restrictions and definitions can be found at [this Tax Law Center resource](https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules).

**Incentive value:**

Base credit is 6% of qualified investments.

Credit is increased by five times for facilities meeting prevailing wage and apprenticeship requirements.

Credit is increased by up to 10% for facilities meeting certain domestic content requirements for steel, iron, and manufactured products.

Credit is increased by up to 10% if located in an energy community.

Credit is increased by 10-20% for projects that are located in low income or tribal communities or financially benefit low income communities. This credit is not guaranteed; it requires an application. Additional details can be found [here](https://eco.energy.gov/licbonus/s/).

You may not combine the Clean Electricity Investment Tax Credit 48E and the Clean Electricity Production Tax Credit 45Y for the same facility.

**Who is eligible:** Builders of clean electricity and energy storage facilities, including tax-exempt organizations.

**When the credit is available**:

* For wind and solar projects that begin construction by July 4, 2026 or are placed in service after December 31, 2027.
* For other technologies such as storage, geothermal, hydropower, and nuclear, the phaseout starts for projects that begin construction after 2033. 75% in 2034, 50% in 2035, and 0% in 2036.

**How to claim the credit:**  Tax-exempt entities must follow the instructions for direct pay. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that don’t normally file a tax return. Organizations that wish to transfer their tax credits must pre-register with the IRS before the tax return is due and receive a registration number.

See more information on this tax credit [here.](https://www.irs.gov/credits-deductions/clean-electricity-investment-credit)

<End of expanded details>

### How do I decide which federal electricity tax credit is right for me?

Since there are two tax credits — the investment tax credit (ITC) and production tax credit (PTC) — to build or purchase renewable energy systems, the Department of Energy created key resources to help inform your decision.

The Department of Energy has published the following [guidance](https://www.energy.gov/sites/default/files/2024-02/508%20Federal%20Solar%20Tax%20Credits%20for%20Businesses_Feb24.pdf):

*“The ITC is an upfront tax credit that does not vary by system performance, while the PTC provides tax credits earned over time. Whether to choose the ITC or the PTC depends largely on the cost of the project, the amount of sunlight available, and whether it is eligible for any bonus tax credits. See an example calculation below.*

*In general, large-scale PV projects will receive more value if they opt for the PTC in sunny places, while projects located in less sunny areas, that incur high installation costs, or that qualify for bonus tax credits, are more likely to benefit from the ITC.*

*Smaller-scale PV projects and CSP projects generally receive more value utilizing the ITC, particularly if they can utilize a low-income communities bonus, which is not available with a PTC. However, as installed PV and CSP system costs reduce over time (or generate more electricity), the PTC may become more attractive for all sectors.”*

## I’m interested in upgrades that save on building energy costs

Upgrade your commercial and multifamily building spaces with the latest technologies to increase efficiency, modernize your space, and cut energy bills. Incentives are available to:

* Install energy-saving building envelope upgrades such as insulation, windows, and exterior doors
* Improve heating and cooling systems with efficient HVAC and hot water systems
* Install energy-efficient lighting
* Build new efficient commercial and residential buildings

### Building energy upgrade incentives

Click on individual incentive names to expand for more information.

*<You can click on individual incentives (each bullet bolded text) to expand to the more detailed information below.>*

**Energy Efficient Commercial Buildings Deduction 179D:** A federal tax deduction for commercial building upgrades that reduce energy and power costs

<[+] Expanded details>

**What qualifies:** Energy-efficient building upgrades that result in a combined 25% energy savings or more. The credit may only be used on specified large public and commercial buildings.

Eligible building upgrades include:

● Interior lighting systems (exterior lighting does not qualify)

● Heating, cooling, and ventilation (HVAC)

● Hot water systems

● Building envelope (windows and roofing)

Eligible buildings must be:

● Located within the United States

● New Buildings must meet Reference Standard 90.1 of the ASHRAE and the Illuminating Engineering Society of North America

**Incentive value:** The deduction value is determined by the amount of annual energy savings and is the lesser of:

● The cost of the installed project(s)

● The savings per square foot calculated as:

o $0.50 per square foot for a building with 25% energy savings

o Plus $0.02 per square foot for each percentage point of energy savings above 25%

o Up to $1.00 per square foot for a building with 50% energy savings.

The credit value per square foot increases fivefold if local prevailing wages are paid and apprenticeship requirements are met.

**Who is eligible:**

● Owners of qualified commercial buildings

● Designers of qualified commercial buildings owned by specified tax-exempt entities

**When the credit is available:** The credit is available for property that begins construction before September 30, 2026.

**How to claim the credit:** Details on the application process can be found [here.](https://www.irs.gov/pub/fatca/int_practice_units/irc-179d-energy-efficient.pdf) Tax-exempt entities should talk to their contractors about passing along the savings from this tax deduction.

Visit the federal website [here](https://www.irs.gov/credits-deductions/energy-efficient-commercial-buildings-deduction) for more details on what qualifies and how to use the credit.

<End of expanded details>

**New Energy Efficient Home Credit 45L:** A federal credit for contractors to build new energy-efficient homes  
 <[+] Expanded details>

**What qualifies:** New construction or major renovation projects to build energy-efficient homes for up to $5,000 per home. The qualifying home must be in the United States and meet applicable energy savings requirements based on home type and acquisition date.

**Incentive value:** The amount of the credit depends on eligibility requirements such as the type of home, the home's energy efficiency, and the date when someone buys or leases the home.

● $2,500 for new single-family homes meeting Energy Star standards

● $5,000 for single-family zero-energy-ready homes

● $500 per unit for multifamily homes meeting Energy Star standards, or $2,500 per unit when prevailing wage provisions are met

● $1,000 per unit for multifamily zero-energy ready homes, or $5,000 per unit when prevailing wage provisions are met

**Who is eligible:** Home builders who construct or reconstruct a qualified new energy-efficient home.

**When the credit is available:** The credit is available for property acquired before September 30, 2026.

**How to claim the credit:** Eligible contractors, partnerships, and S corporations must use [Form 8908](https://www.irs.gov/instructions/i8908) to claim a credit for each qualified new energy-efficient home sold or leased to another person during the tax year for use as a residence. You must claim the credit during the tax year that the energy-efficient home is sold.

Visit the federal website [here](https://www.irs.gov/newsroom/irs-builders-of-qualified-new-energy-efficient-homes-might-qualify-for-an-expanded-tax-credit-under-section-45l) for more details on what qualifies and how to use the credit.

<End of expanded details>

I’m interested in electric vehicles or EV chargers

Electric vehicles typically have lower lifecycle costs than traditional gasoline and diesel vehicles due to lower fuel and maintenance costs. Making the swap to electric vehicles can also create cleaner air in your community and reduce your company's pollution.

Take advantage of incentives to help you:

* Purchase or lease an electric vehicle
* Install electric vehicle charging equipment

### Electric vehicle and charger incentives

Click on individual incentive names to expand for more information.

*<You can click on individual incentives (each bullet bolded text) to expand to the more detailed information below.>*

**Credit for Qualified Commercial Clean Vehicles 45W:** A federal tax credit for businesses to buy clean vehicles

<[+] Expanded details>

**What qualifies:** The 45W tax credit is for businesses and tax-exempt organizations to purchase qualified commercial clean vehicles. You may use this credit on as many qualified vehicles as you purchase (there is no cap).

In addition, eligible vehicles must either be:

● A plug-in electric vehicle with a battery capacity of:

o 7 kilowatt hours if the gross vehicle weight rating (GVWR) is under 14,000 pounds

o 15 kilowatt hours if the GVWR is 14,000 pounds or more

● A fuel cell motor vehicle that satisfies the requirements of [IRC 30B(b)(3)(A) and (B)](https://uscode.house.gov/view.xhtml?req=(title:26%20section:30B%20edition:prelim)).

Eligible vehicles must be:

● Manufactured primarily for use on public roads or mobile machinery as defined in [IRC 4053(8)](https://uscode.house.gov/view.xhtml?req=(title:26%20section:4053%20edition:prelim))

● Made by a [qualified manufacturer](https://www.irs.gov/credits-deductions/manufacturers-for-qualified-commercial-clean-vehicle-credit)

● For use in your business, not for resale

● Not have been allowed a credit under sections 30D or 45W

● Be for use primarily in the United States

**Incentive value:** The credit is the lesser of 15% of the vehicle’s basis (30% if the vehicle is not powered by gas or diesel) or the incremental cost of the vehicle. The credit is capped at $7,500 for vehicles with a gross vehicle weight rating (GVWR) under 14,000 pounds and $40,000 for all other vehicles.

The credit can only be applied to reduce the federal taxes owed, excess will not be paid out. Credits may be carried over as a general business credit but cannot exceed the taxes owed. There is no limit on the number of credits a business can claim.

Direct pay is available for tax-exempt organizations.

**Who is eligible:** Businesses and tax-exempt organizations.

**When the credit is available:** The credit available for vehicles acquired before September 30, 2025.

**How to claim the credit:** Partnerships and S corporations must file [Form 8936, Clean Vehicle Credits](https://www.irs.gov/forms-pubs/about-form-8936). All other taxpayers can report this credit directly on line “1aa” in Part III of [Form 3800, General Business Credit](https://www.irs.gov/forms-pubs/about-form-3800).

Tax exempt entities should follow the instructions for direct pay. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that don’t normally file a tax return.

Visit the federal website [here](https://www.irs.gov/credits-deductions/commercial-clean-vehicle-credit) for more details on what qualifies and how to use the credit.

<End of expanded details>

**Alternative Fuel Vehicle Refueling Property Credit 30C:** A federal tax credit for organizations to install EV charging in qualified locations

<[+] Expanded details>

**What qualifies:** The 30C tax credit can be used to install qualified vehicle refueling and recharging equipment for electricity, ethanol, natural gas, hydrogen, and biodiesel vehicles. Eligible equipment includes bidirectional charging and charging for 2- and 3-wheel vehicles.

The credit only applies to projects in eligible census tracts. You can search your location [here](https://www.irs.gov/credits-deductions/alternative-fuel-vehicle-refueling-property-credit) to see if your property qualifies.

To qualify, your project must meet the following criteria:

● Equipment must be new or be used for the first time.

● The refueling station must be in the United States.

This tax credit can also be used by an individual to install charging at their home. Find more information on that [here](https://homes.rewiringamerica.org/federal-incentives/30c-ev-charger-tax-credit).

**Incentive value:** 6% credit, up to $100,000 per item. The credit is increased to 30%, with the same $100,000 per item cap, if prevailing wage and apprenticeship requirements are met.

**Who is eligible:** Businesses, tax-exempt organizations, and individuals placing qualified refueling projects

**When the credit is available:** The credit is available or property placed in service before September 30, 2026.

**How to claim the credit:**

1. [Check](https://www.irs.gov/credits-deductions/alternative-fuel-vehicle-refueling-property-credit) to confirm your location is eligible.
2. Use [Form 8911](https://www.irs.gov/pub/irs-pdf/f8911.pdf) to figure and report your credit for the tax year when the alternative fuel recharging project is operational. Partnerships and S corporations must file Form 8911, while other taxpayers can report directly on [Form 3800](https://www.irs.gov/forms-pubs/about-form-3800).

Tax exempt entities should follow the instructions for direct pay. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that don’t normally file a tax return.

<End of expanded details>

I'm interested in clean manufacturing

Incentives can support manufacturing facility upgrades for projects that reduce industrial emissions or produce components of eligible clean energy equipment or electric vehicles.

### Clean manufacturing incentives

*<You can click on individual incentives (each bullet bolded text) to expand to the more detailed information below.>*

**Advanced Manufacturing Production Credit 45X:** A federal tax credit for the manufacturing of solar, wind, inverter, battery, and critical mineral components

<[+] Expanded details>

**What qualifies:** Manufacturing of components for solar and wind energy, inverters, battery components, and critical minerals. The credit aims to make the domestic production of the components in these industries cost-competitive with international manufacturing.

New foreign entity of concern (FEOC) requirements were put in place starting on July 4, which may reduce how many projects are able to receive the credit. Entity-level rules take effect starting in 2026, disallowing access to the tax credit if the taxpayer is a specified foreign entity or a foreign influenced entity. Material assistance rules take effect starting in 2026, disallowing access to the tax credit if the input into the components they produce (e.g. solar wafers) come from prohibited foreign entities. Importantly, these FEOC restrictions can apply to existing projects. Further details of FEOC restrictions and definitions can be found at [this Tax Law Center resource](https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules).

**Incentive value:** The credit is determined by the production quantity for each technology. Click here to find a specific [credit value](https://www.federalregister.gov/documents/2023/12/15/2023-27498/section-45x-advanced-manufacturing-production-credit) for the component you are interested in manufacturing.

You may transfer the credit by selling all or a portion of the tax credit to an unrelated taxpayer.

You may use direct pay to receive a refund from the IRS, for five years if you elect in to direct pay.

You may not combine the Qualifying Advanced Energy Project 48C with the Advanced Energy Project Credit 45X for the same facility.

**Who is eligible:** Domestic manufacturers and tax-exempt entities.

**When the credit is available:**

* Available for wind energy components before 2027.
* Metallurgical coal added to 45X as a critical mineral through 2029.
* Credit phases out for other critical minerals over 2031-33.
* Credit continues to phase out for all other eligible components over 2030-32.

**How to claim the credit:** [Form 7207](https://www.irs.gov/forms-pubs/about-form-7207) is used to claim the advanced manufacturing production credit under section 45X for eligible components produced and sold. Partners, S corporation shareholders, and beneficiaries of estates and trusts are generally not required to file Form 7207 if their only source for the credit is the pass-through entity. Instead, they can report this credit directly on Form 3800, General Business Credits.

Tax-exempt entities should follow the instructions for direct pay. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that don’t normally file a tax return.

Organizations that wish to transfer their tax credits must pre-register with the IRS before the tax return is due and receive a registration number.

For more information, see section 45X and [Notice 2022-47](https://www.irs.gov/irb/2022-43_IRB#NOT-2022-47).

<End of expanded details>

**Clean Fuel Production Credit 45Z:** A federal tax credit for the production and sale of clean transportation fuels, including sustainable aviation fuel.

<[+] Expanded details>

**What qualifies:** The production and sale of clean transportation fuels emitting no more than 50 kilograms of CO2 per 1 million British thermal units (kg/MMBtu). The fuel must be suitable for use in highway vehicles or aircrafts. The tax credit is intended to encourage the production of clean fuels with 50% lower greenhouse gas emissions than petroleum. The emissions rate determination does not have to consider Indirect Land Use Changes (ILUC) from the use of crops as fuel feedstocks. Emissions rates for fuels cannot be negative, unless they are specifically derived from animal manures.

Fuel Feedstocks must be from the United States, Canada, or Mexico. The 45Z credits are disallowed if the taxpayer is a Specified Foreign Entity beginning in 2026. For taxpayers that are considered Foreign Influenced Entities, the credits are disallowed beginning in 2028. Further details of FEOC restrictions and definitions can be found at [this Tax Law Center resource](https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules).

**Incentive value:** The credit value is based on a sliding scale, increasing toward the maximum credit amount as GHG emissions of the fuel approach zero.

● The maximum credit amount is $0.20 per gallon of fuel.

● If prevailing wage and apprenticeship requirements are met, the maximum credit amount is $1.00 per gallon of fuel.

Producers can also claim the Small Agri-Biodiesel Producer credit (40A) up to $0.20 per gallon.

Direct pay is available for tax-exempt entities.

You may transfer the credit by selling all or a portion of the tax credit to an unrelated taxpayer.

Facilities cannot claim both the Clean Fuel Production Tax Credit (45Z) and other specific credits including the Clean Hydrogen Production Tax Credit (45V) or the Carbon Oxide Sequestration Credit (45Q).

**Who is eligible:** Clean fuel producers registered with the IRS, with production facilities in the United States and its territories, who produce fuel meeting the specified emissions criteria. Producers can include tax-exempt organizations.

**When the credit is available:** For qualifying transportation fuel sold by December 31, 2029.

**How to claim the credit:**  Find more information on this tax credit [here.](https://www.irs.gov/credits-deductions/clean-fuel-production-credit)

<End of expanded details>

**Credit for Carbon Sequestration 45Q:** A federal tax credit for carbon capture from the atmosphere or industrial and power facilities.

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**What qualifies:** Projects that capture carbon oxides (including CO2) directly from the atmosphere or from industrial and power facilities. The credit can be realized for 12 years after the carbon capture equipment is operational or 5 years if transferred. Projects must meet carbon capture thresholds.

Eligible projects include:

● Secure storage of captured CO2 in appropriate geologic formations, including saline or other geologic formations or oil and gas fields.

● Reuse of captured CO2 or carbon monoxide as a feedstock to produce low embodied carbon products such as fuels, chemicals, and building materials.

The 45Q credits are disallowed if the taxpayer is a Specified Foreign Entity beginning in 2026. For taxpayers that are considered Foreign Influenced Entities, the credits are disallowed starting in 2028. Further details of FEOC restrictions and definitions can be found at [this Tax Law Center resource](https://taxlawcenter.org/blog/navigating-obbba-phaseouts-prohibited-foreign-entity-rules-and-other-new-rules).

**Incentive value:** The base credit amount in dollars per metric tonofCO2 for Industrial Facilities is $17, and $36 per metric tonofCO2 for Direct Air Capture Facilities. If prevailing wage and apprenticeship requirements are met, the maximum credit amount per metric ton of carbon captured is $85 for industrial facilities and $180 for Direct Air Capture facilities.

Tax exempt entities can utilize direct pay. All other entities are allowed a one-time transfer to sell their credits another entity.

**Who is eligible:** Owners of eligible carbon capture equipment, including tax-exempt entities.

**When the credit is available:** For qualifying projects that start construction by December 31, 2032.

**How to claim the credit:** Use [Form 8933](https://www.irs.gov/forms-pubs/about-form-8933) to claim the 45Q carbon oxide sequestration credit. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that don’t normally file a tax return.

<End of expanded details>

**Clean Hydrogen Production Tax Credit 45V:** A federal tax credit for producing clean hydrogen.

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**What qualifies:** A credit for the production clean hydrogen. The credit provides a four-tier incentive depending on the carbon intensity of the hydrogen production pathway. Hydrogen can be produced in new or retrofitted facilities. The credit can be claimed for 10 years beginning with the date the facility begins construction.

The credit measures emissions up to the point of production using the Argonne National Laboratory Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET) Model and, more specifically, 45VH2-GREET.

**Incentive value:** The level of the credit provided is based on carbon intensity, up to a maximum of four kilograms of CO2-equivalent per kilogram of H2. Credit is increased by five times for projects meeting prevailing wage and registered apprenticeship requirements.

|  |  |  |
| --- | --- | --- |
| **Carbon Intensity** **(kg CO2e per kg H2)** | **Max Hydrogen Production Tax Credit** **($/kg H2) base** | **Max Hydrogen Production Tax Credit with prevailing wage and apprenticeship requirements**  **($/kg H2)** |
| 4–2.5 | $0.12 | $0.60 |
| 2.5–1.5 | $0.15 | $0.75 |
| 1.5–0.45 | $0.20 | $1.00 |
| <0.45 | $0.60 | $3.00 |

The Clean Hydrogen Production Tax Credit 45V can be used in combination with the renewable energy production tax credit and zero-emission nuclear credit. The Clean Hydrogen Production Tax Credit 45V cannot be used with the Carbon Capture and Sequestration Tax Credit 45Q at the same facility.

Tax-exempt entities can utilize direct pay.

**Who is eligible:** Qualified hydrogen producers, including tax-exempt entities.

**When the credit is available:** The credit is available for projects that begin construction by December 31, 2027.

**How to claim the credit:** Use [Form 7210](https://www.irs.gov/forms-pubs/about-form-7210) to claim the 45V Clean Hydrogen Production Credit. Preregister with the IRS and submit annual tax paperwork, typically a Form 990-T for most entities that do not normally file a tax return.

For more information on the 45V Clean Hydrogen Production Credit, click [here.](https://www.energy.gov/articles/clean-hydrogen-production-tax-credit-45v-resources)

<End of expanded details>

## What do these incentives mean for my clean energy business?

Many companies sell or install energy-efficient and clean energy products that qualify for new tax credits. Teaching your customers about incentives they can use when installing or purchasing these products will lower their costs and give you a competitive advantage while not costing your business any money.

If your business works in the following industries, you may be well suited to encourage your customers to take advantage of new incentives:

● Construction or management of commercial buildings

● Construction or management of single-family or multifamily buildings

● Appliance installation or sales, including heating and cooling equipment, kitchen appliances, windows, doors, insulation, lighting, and water heating

● Electrical services

● Renewable energy generation

● Vehicle sales

● Electric vehicle charging infrastructure

*Disclaimer: None of the information presented on this website should be considered official legal or financial advice. Please contact a licensed tax professional for additional information.*