# Incentives for Tax-Exempt Organizations

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

Taking advantage of energy incentives can help your organization cut costs and reduce your environmental footprint.

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

$100,000 off building an EV charger

30% off the costs of installing solar panels

This page breaks down types of projects that can help you save money and modernize your organization by generating renewable energy, purchasing electric vehicles and chargers, and investing in clean industries.

**Credit Deadlines**

|  |  |
| --- | --- |
| Incentive | Incentive Availability |
| Credit for Qualified Commercial Clean Vehicles 45W | Available for vehicles acquired by September 30, 2025 |
| 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:** A tax credit for producing clean electricity at a facility that sells it. 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 5 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.

● 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. You may transfer the credit 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. Tor when US greenhouse gas emissions from electricity are 25% of 2022 emissions or lower. The tax credit phase down to 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

<End of expanded details>

**What qualifies**: A tax credit for the investment costs of installing eligible energy or electricity equipment.

The tax credit is technology-neutral and eligible facilities are defined as investment in projects for the generation of zero-emissions electricity.

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) come 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 that 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 placed in service after 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:**

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)

<[+] 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 solar 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 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 organization’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.

Credits are nonrefundable. 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 is 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.

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**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 on [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 your 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 for 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 alternative fuel vehicle refueling project 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

Federal incentives can support manufacturing investments, production, and facility upgrades if your project reduces industrial emissions or creates components for eligible clean energy equipment or electric vehicles.

Find two examples of tax-exempt clean manufacturing activities below.

● A nonprofit could build a carbon sequestration plant to cut community greenhouse gas emissions, improve local air quality, and get money back on the project with the Credit for Carbon Sequestration 45Q.

● A local government that wants to increase solar electricity production to create job growth can start manufacturing solar panel components at a municipally owned facility and receive a payment from the federal government through the Advanced Manufacturing Production Tax Credit 45X.

### 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.

Direct pay is available for tax-exempt organizations.

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.

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**What qualifies:** A credit for 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 aircraft. 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 2026. For taxpayers that are considered Foreign Influenced Entities, the credits are disallowed two years after enactment, meaning this generally would apply after 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 towards the maximum 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 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 like the Clean Hydrogen Production Tax Credit 45V.

**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 dioxide capture from the atmosphere or industrial and power facilities.

<[+] Expanded details>

**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 carbon dioxide (CO2) in appropriate geologic formations, including saline or other geologic formations or oil and gas fields

● Reuse of captured CO2 or carbon monoxide (CO) 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 two years after enactment, meaning this generally would apply after 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 varying, 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 is direct pay and how do I use it?

Tax-exempt entities are now able to take advantage of key tax credits through direct pay, also known as elective pay. Direct pay is a process in which the Internal Revenue Service (IRS) will provide a payment to eligible organizations for the full value of a tax credit.

**How to claim direct pay:**

1) Identify the project and the credit you want to pursue.

2) Complete your project.

3) Determine the corresponding tax year your return will be due.

4) Complete [pre-filing registration](https://www.irs.gov/credits-deductions/register-for-elective-payment-or-transfer-of-credits) with the IRS before your tax return is due to get a registration number.

a) In general, each registration number corresponds to one clean energy project in one tax year—you will need to renew the number if you need to use it in other tax years.

5) Once you receive a valid registration number, file your tax return by the due date, including extensions.

a) You’ll need to provide your registration number and make the elective payment selection on your tax return (typically a Form 990-T for most entities that don’t normally file a tax return).

b) You also need to provide additional [required documentation](https://www.irs.gov/charities-non-profits/annual-filing-and-forms) (forms specific to the tax credit) and underlying credit forms when you file your return.

6) Receive your direct payment.

You can find more information on frequently asked questions [here.](https://www.irs.gov/credits-deductions/elective-pay-and-transferability-frequently-asked-questions-elective-pay)

## Who are tax-exempt entities?

Tax-exempt entities are organizations that do not pay federal income taxes. Tax-exempt entities include:

● Political subdivisions such as local governments

● Indian tribal governments

● Agencies and instrumentalities of state, local, tribal, and US territorial governments

● Rural electric cooperatives

● School districts and universities

● 501(c)(3) nonprofit organizations such as public charities, hospitals, and houses of worship

● States

*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.*