

# Treasury, IRS issue guidance on new Sustainable Aviation Fuel Credit

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WASHINGTON — The Treasury Department and Internal Revenue Service today issued a notice regarding the Sustainable Aviation Fuel (SAF) credit. This is a new credit created by the Inflation Reduction Act of 2022. It applies to a qualified fuel mixture containing sustainable aviation fuel for certain sales or uses in calendar years 2023 and 2024.

[Notice 2023-6](#) explains the requirements for the fuel to be eligible for the SAF credit, the various methods in which a claimant may claim the credit, and which parties must be registered for the different activities in the process. The notice also asks for public comments on various aspects of the statute, which will help Treasury and IRS in developing additional guidance.

The SAF credit is \$1.25 for each gallon of sustainable aviation fuel in a qualified mixture. To qualify for the credit, the sustainable aviation fuel must have a minimum reduction of 50% in lifecycle greenhouse gas emissions. Additionally, there is a supplemental credit of one cent for each percent that the reduction exceeds 50%. The notice provides a safe harbor for calculating the lifecycle greenhouse gas emissions reduction percentage.

Finally, the notice explains that a claimant may choose how to claim the Sustainable Aviation Fuel Credit. The first is through the excise tax system. The second is a general business credit that is nonrefundable and must be included in income. Notice 2023-06 also clarifies what constitutes sustainable aviation fuel and a qualified mixture.

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