Interagency Working Group on Coal & Power Plant Communities & Economic Revitalization

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← All Funding Opportunities

Clean Fuel Production Credit – 26 U.S. Code § 45Z

TAX CREDIT

IRA Statuatory Location:

13704

Tax Code Location:

26 U.S. Code § 45Z

New or Modified Provision:

New

Eligible Recipients:

Clean fuel producers

Tribal Eligibility:

Yes

Bureau/Office Funded by:

U.S. Department of Treasury

Description

Provides a tax credit for domestic production of cleantransportation fuels, including sustainable aviation fuels. Registered producers in the United States. Fuels with less than 50kilograms of carbon dioxide equivalent per million British thermal units (CO2e per mmBTU)qualify as clean fuels eligible for credits.

Direct Pay Eligibility:

Transferability:

Stackability:

Energy Community Bonus:

No

Relevant Announcements

https://www.irs.gov/pub/irs-drop/n-22-58.pdf 📄

Related Resources

Additional information is available on the Resources page.

Key Details

Period of Availability

Fuel produced after 12/31/24 and used or sold before 12/31/27.

Tax Mechanism:

Production tax credit

Base Credit Amount:

The base amount is $0.20/gallon for non-aviation fuel and $0.35/gallonfor aviation fuel, multiplied by the carbon dioxide emissions factor   of the fuel (defined as the quotient of 50 kg CO2e/MMBtu minus the emission rate factor of the fuel divided by 50 kg CO2e/MMBtu). Inflation adjusted after 2024.

Bonus Credit Amount:

Credit is 5 times the base amount ($1/gallon for non-aviation fuel, $1.75gallon for aviation fuel, multiplied by the emissions factor) for facilities meeting prevailing wageand registered apprenticeship requirements. Inflation adjusted after 2024. Initial guidance on thelabor provisions is available here. (https://www.federalregister.gov/documents/2 26108/prevailing-wage-and-apprenticeship-initial-guidance-under-section-45b6bii-and-other-substantially)