

Frequently asked questions about the Qualifying Advanced Energy Project (48C) credit

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The Inflation Reduction Act (IRA) provided \$10 billion in funding for the Qualifying Advanced Energy Project Credit Allocation Program under section 48C(e). These frequently asked questions provide details related to the eligibility and application of the credit.

The qualifying advanced energy project credit is an investment credit originally enacted by the American Recovery and Reinvestment Act of 2009. The IRA renewed and expanded the credit under section 48C(e).

The Internal Revenue Service and Department of Treasury issued [Notice 2023-18](#) to establish the program and to provide initial guidance. Additional guidance for the program is provided in [Notice 2023-44](#).

The program provides incentives for clean energy property manufacturing and recycling, industrial decarbonization, and critical materials processing, refining and recycling.

For more information and additional frequently asked questions on this credit see the [Department of Energy \(DOE\) 48C](#)  page and [Common themes and issues seen in concept papers submitted in § 48C\(e\) round 1](#) .

Q1. What is the earliest date eligible property could be placed in service and still qualify for a Section 48C credit allocation? (added July 17, 2023)

A1. The earliest that the taxpayer may place eligible property in service is after being awarded an allocation of § 48C credits with respect to that eligible property. See Internal Revenue [Notice 2023-44](#), Section 4.02. The IRS will make all Round 1 allocation decisions by March 31, 2024.

Q2. Can costs be incurred before the allocation award date, as long as eligible property is not put into service before the award date? (added July 17, 2023)

A2. Yes, as long as the eligible property has not yet been placed in service, and the applicant meets other program requirements, the applicant is eligible to apply for an allocation of § 48C credits with respect to its qualified investment in eligible property. Eligible property placed in service prior to being awarded an allocation of § 48C credits under the § 48C(e) program is not eligible to receive such an allocation.

(added July 17, 2023)

A3. An applicant must submit a separate application for each 48C Facility, defined as the eligible property that makes up the qualified investment that is part of the qualifying advanced energy project. Each 48C Facility will relate to one of three distinct categories for qualifying advanced energy projects, as defined in 48C:

1. clean energy manufacturing or recycling
2. industrial decarbonization, or
3. critical materials processing, refining, and recycling.

Each concept paper should address eligible property within a distinct qualifying advanced energy project that does not overlap with a qualifying advanced energy project in any other application submitted by the same applicant.

Q4. Should we still submit a concept paper through the eXCHANGE portal by July 31st, or is there a different process if we are participating in the elective pay option? (added July 17, 2023)

A4. All applications should be submitted through the 48C [eXCHANGE](#) or successor portal. To participate in elective, pay an independent process must be completed. For additional information see [Elective Pay and Transferability Frequently Asked Questions](#).

Q5. How can I determine if my project is located in a Section 48C(e) Energy Community Census Tract? (added July 17, 2023)

A5. Please refer to [Appendix C](#) [PDF](#) of IRS Notice 2023-44 for a list of eligible § 48C(e) Energy Community Census Tracts. While Appendix C is the definitive resource, the Department of Energy's [48C designated energy communities mapping tool](#) is a useful resource for identifying energy communities for the purpose of § 48C.

Q6. Is there a limit or maximum credit on the Section 48C credit per project/company? (added July 17, 2023)

A6. No, there is no limit or maximum credit per project specified for round 1 allocations.

Q7. Does "Greenhouse Gas Emission Reduction Projects" only apply to existing facilities? (added July 17, 2023)

A7. Yes, a qualifying advanced energy project in this category *re-equips* an industrial or manufacturing facility.

Q8. Could an applicant receive an allocation of Section 48C credits if it has also been the recipient of a grant/loan under other DOE manufacturing-related funding opportunities? (added July 17, 2023)

A8. Under § 48C(f), a credit shall not be allowed under this section for any qualified investment for which a credit is allowed under §§ 48, 48A, 48B, 48E, 45Q, or 45V. [Notice 2023-44](#) further clarifies that a § 45X Facility cannot produce an eligible component for purposes of the § 45X credit if such facility includes eligible property that has been taken into account for purposes of the credit allowed under § 48C after August 16, 2022. An applicant should look to the rules under the Federal grant/loan program.

design or development costs? (added July 17, 2023)

A9. Under § 48C(b)(1), the qualified investment is the basis of eligible property placed in service during the taxable year. Please refer to Notices [2023-18](#) and [2023-44](#) for the definition of "eligible property".

Q10. How will the personal information which I submit through my application be protected by DOE and IRS? (added Aug. 3, 2023)

A10. All information provided as part of the application process is return information and is confidential pursuant to IRC § 6103(a) (26 USC § 6103(a)).

Q11. How can universities, public schools, and private schools take advantage of the credit opportunities in Section 48C? (added Aug. 3, 2023)

A11. Tax-exempt and government entities, like universities, public schools, and private schools, can take advantage of the § 48C credit through the elective pay provision under § 6417 if they meet the requirements for §§ 48C and 6417. For more information, see [Publication 5817, Elective Pay Overview](#) [PDF](#).

Q12. If our company submits a concept paper for the Section 48C credit but then decides not to compete the full application, would this have any impact on our eligibility for the Section 45X credit? (added Aug. 3, 2023)

A12. No.

Q13. If an applicant is deciding between multiple site options, how should they indicate this in the application? Should the applicant select a "primary site"? (added Sept. 25, 2023)

A13. An application must provide the § 48C(e) project's location. Note, a project that has a change in location that is considered a significant change plan according to Notice 2023-18, Section 8.01, must follow the procedure provided in Notice 2023-44, Section 8.02.

Q14. How should applicants approach submitting separate applications for multiple facilities where the multiple facilities were part of a single 48C qualifying advanced energy project that is intended to be deployed in multiple locations, and thus the single project was included in a single concept paper? How should applicants approach submitting separate applications for smaller sub-projects that were included in a single concept paper? (added Jan. 4, 2024)

A14. For purposes of § 48C, a "facility" is all eligible property included in a qualifying advanced energy project for which a taxpayer receives an allocation of section 48C credits. Note, it is possible that only part of a qualifying advanced energy project (i.e., the "qualified investment" in the project) is eligible for the 48C credit. See [Notice 2023-18](#), section 3.01. See section 3.01 of [Notice 2023-44](#). An applicant must submit a separate application for each 48C Facility. [See Q3](#).

the 48C project's qualified investment? (added Jan. 4, 2024)

A15. The qualified investment proposed by an applicant, which may be a portion of an overall project carried out by the applicant, cannot include the construction or expansion of a building or its structural components. Applicants that included expenses for constructing or expanding buildings in their qualified investment should remove such costs from the qualified investment in their § 48C(e) application. See IRS [Notice 2023-44](#), section 3.01(2) for more information.

A qualified investment is made up of eligible property. Eligible property is, in part, tangible personal property, or other tangible property (not including a building or its structural components), that is used as an integral part of the qualified advanced energy project.

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