



Impact and Stories



The Inflation Reduction Act's investments are bearing fruit by creating good-paying jobs, strengthening our energy security, tackling climate change, and improving services the IRS provides to taxpayers. As a part of President Biden's broader Investing in America agenda, Treasury will continue to collect and share data, analysis, and stories about how the IRA is aiding American families and workers, driving investment toward underserved communities as well as to new technologies and markets, and ensuring economic fairness. Read more about the IRA's impacts across its major themes below.

ANNOUNCING THE IRA CLEAN ENERGY STORYTELLING PROGRAM

The Clean Energy Storytelling Program invites individuals, workers, businesses, tax-exempt organizations, and other eligible taxpayers to voluntarily share their stories about how the Inflation Reduction Act's (IRA) clean energy tax incentives are lowering energy costs for families, bringing back and strengthening American manufacturing, and creating good-paying jobs across the country.

Our goal is to educate more Americans using some of the best examples around: stories from other people and organizations who are pursuing and benefitting from these incentives.

If you've used or plan to use any of the clean energy tax incentives, you can share your story by clicking [here](#).

Story Highlight

Cory Bruening runs the Pines Inn and Suites in Arizona with his family. Cory was able to achieve essentially 70% off the cost of solar panels [a solar

Source: Pines Inn and Suites, Arizona

installation] with the help of \$23,000 in tax credits made possible through the Inflation Reduction Act.

In addition to tax credits, Cory estimates they will save more than \$10,000 in energy bills every year.

You can also tell us your IRA story [here](#).

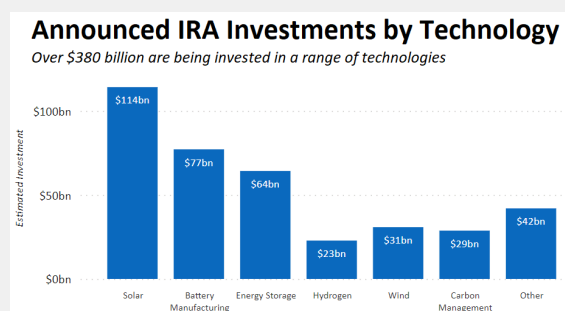
CREATING JOBS AND SPURRING INVESTMENT

The IRA has unleashed an investment and manufacturing boom in the United States unlike anything seen in decades. These investments are generating long-term economic growth for the whole country and creating jobs in underserved communities. According to the Rhodium Group's and MIT's [Clean Investment Monitor](#), companies have announced more than \$380 billion in new investments to build the clean energy economy. This includes investments in industries like electric vehicles, batteries and energy storage, clean energy manufacturing, clean power generation, carbon management, and many others, according to data tracked by Rhodium Group and MIT [Clean Investment Monitor](#).


Investment is Leading to Jobs

Dollars are flowing to these industries at all levels, including manufacturing, transportation, and sales.

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Source: Rhodium Group/Clean Investment Monitor (CIM)

These investments are projected to support [approximately 1.5 million jobs](#)  over the coming decade according to estimates by outside groups.

How It Works & New Features for Clean Energy Tax Incentives

The newly created or expanded tax incentives created by the Inflation Reduction Act primarily work by reducing the costs of building qualifying energy projects and equipment or by incentivizing the production of energy or manufactured goods. For each incentive, there are eligibility requirements for taxpayers and qualification criteria for the energy project or type of production in question. But in general, an eligible taxpayer who installs qualifying equipment or generates or manufactures a qualifying product and meets any criteria for materials and production methods, may receive the base tax credits.

The law creates several new features that will attract greater levels of investment and steer it toward quality projects and jobs in communities in need. To ensure that investment reaches underserved communities, reinvests in energy communities, and includes good-paying wages for workers, the IRA also created new bonus credits that increase the value of many clean energy incentives.

And, so that state, local, and tribal governments and tax-exempt entities like rural electric cooperatives and many others may access the tax incentives for the first time, the law creates “elective pay” (also called “direct pay”). Most of the entities eligible for direct pay would not normally owe federal income tax. However, by filing a return and using direct pay, these entities can receive tax-free cash payments from the IRS for the clean energy tax credits they earned, so long as all requirements are met, including a pre-filing registration requirement.

Find out more about clean energy tax incentives, eligibility, bonus credits, and new mechanisms like transferability and direct pay in the [Informational Resources](#) section.

Investments in Underserved and Energy Communities

Clean energy bonus credits are already spurring an economic revitalization in communities that have historically been left behind or underserved.

- The [Low-Income Communities Bonus Credit](#) (§ 48(e)) provides up to a 20-percentage point boost to the Investment Tax Credit for qualified solar or wind facilities in low-income communities, on Indian land, as part of affordable housing developments, and benefitting low-income households.
- The Energy Community Bonus Credit provides additional incentives for qualified investments in [energy communities](#), or communities with closed coal mines, coal

power plants, or brownfield sites, or where fossil fuel employment has significantly contributed to local economies.

[Place-based analysis](#) by Treasury demonstrates that planned investment activity in underserved communities is growing.

STRENGTHENING ENERGY SECURITY AND AFFORDABILITY

Energy costs pose significant challenges for American families. For lower income and middle-class families, including those living paycheck to paycheck, energy—electricity, heating fuel, and gasoline—can account for a large share of their monthly budgets. Reliance on gas and oil for heating can be expensive and energy insecure as well. When prices spike due to geopolitical events, consumers are on the hook to pay, but shifting to clean energy can shield families better from global events and make them more energy independent.

Many of the IRA's incentives reduce energy costs and price volatility, such as consumer tax credits for energy efficient equipment and electric vehicles that can aid American families. Treasury's new [Taxpayer Resource Hub](#) features a cost calculator that can estimate energy bill cost savings from equipment upgrades.

Other incentives support manufacturers by boosting investment in factories across the U.S. that produce solar panels, batteries, electric vehicles, carbon capture equipment, and many more clean energy technologies. It's now cheaper than in the past to produce clean energy and manufacture clean energy products here in the United States. Because of that, production will increase and costs will drop over time, making clean energy more affordable for consumers at home and globally.

CLIMATE IMPACT

The IRA's investments in cleaner energy sources, their delivery, and their use will translate to lower greenhouse gas emissions and reduced impact on the climate. The law makes the largest investment in reducing carbon pollution in U.S. history. It is a pro-growth climate policy that helps lower consumer costs and boosts American economic growth and leadership in innovation while simultaneously moving our country towards meeting our climate goals.

Investing in Manufacturing

The IRA has accelerated investment in manufacturing of clean energy technologies. Total estimated investment has increased to over \$70 billion since the middle of 2022.

Source: Rhodium Group and MIT Clean Investment Monitor

IRS MODERNIZATION

The Inflation Reduction Act is Modernizing the IRS

Building a clean energy economy and creating good-paying jobs, and new economic opportunities for all Americans requires a modern Internal Revenue Service (IRS).

Recognizing the need for a fundamental shift, Congress provided critical resources to modernize the IRS, after decades of chronic underfunding. These investments, if sustained, will drive long-term IRS improvements, in addition to providing more options for filing tax returns, reducing delays for taxpayer refunds, and making it easier to find help from trusted experts. And it will increase the revenue our country can invest in our key priorities. Put together, the IRA is a historic investment in building an economy that works for everyone.

Taxpayers can expect these ongoing modernization efforts to include:

Expanded digitization and online services

IRS is modernizing decades-old technology to drive improved customer service and protect taxpayers' data. Expanded digitization made possible by scanning and data extraction will help deliver drastically improved service, faster refunds, and significantly lower levels of paper returns this filing season, and in the years to come. This effort will eliminate paper backlogs and speed delivery of taxpayer refunds.

In addition, the IRS has met its targets to further improve its customer callback option, so taxpayers do not need to wait on hold during periods of high call volume. The customer callback option is now available for up to 97% of callers seeking live assistance.

Retiring outdated technology and provide real-time processing

Before the Inflation Reduction Act, the IRS was unable to reduce its aged information technology infrastructure to an acceptable level. [Analysis](#) from the Government Accountability Office showed that about 33 percent of the computer of software applications were considered legacy, and included computer applications ranging from 25 to 64 years in age. Modernizing these and other systems will enable the IRS to access and process taxpayer data more quickly, improve customer service, and accelerate the delivery of new technology, culminating in a transformed system for storing tax data.

These modernization efforts will help drive the IRS's efforts to provide world class customer service, deliver refunds quickly, enforce tax laws with a focus among high earners and corporation, support the IRA's clean energy investments, and ensure that all Americans receive tax credits and benefits for which they are eligible. In the first five years of the 10-year [Strategic Operating Plan](#), the IRS will eliminate paper backlogs that have delayed taxpayer refunds by digitizing all returns when they are received. The IRS will have end-to-end digital processing for high-volume forms and returns, while maintaining paper submission options.

Direct File

On May 30, 2024, the U.S. Department of the Treasury and Internal Revenue Service (IRS) announced that Direct File will be a permanent option for filing federal tax returns starting in the 2025 tax season. The decision follows a highly successful, limited-scope pilot launched in Filing Season 2024 that allowed taxpayers in 12 states to file their taxes electronically, for free, directly with the IRS. The mobile-friendly service was accessible on a smartphone, tablet, laptop, or desktop computer and included both English and Spanish versions. The IRS plans to announce additional details on the 2025 expansion in the coming months. Visit [Direct File news](#) for updates.

Expanded In-Person Service

To help more taxpayers directly, the IRS is expanding in-person service to meet taxpayers where they are, particularly those in underserved and rural communities. The IRS opened or reopened more than 50 Taxpayer Assistance Centers using Inflation Reduction Act funding. The IRS achieved more than 11,000 additional hours of service at Taxpayer Assistance Centers in Filing Season 2024, exceeding its goal of providing more than 8,500 hours additional hours of service. Click here to find a [taxpayer assistance center near you](#).

New ability to respond to notices online, expanded self-service options

In the past, when taxpayers received notices, such as requests for things like document verification, they had to respond through the mail. Through the Paperless Processing Initiative, taxpayers are now able to digitally submit all correspondence and responses to notices that do not have a filing or payment action, saving them time and money. These tools will also help taxpayers verify communications from the IRS, facilitate quicker refunds, and reduce anxiety regarding preventing scams and fraud. As a result of achieving this goal, the IRS estimates more than 94% of individual taxpayers will no longer have to send mail to the IRS. Taxpayers who want to submit paper returns and correspondence may continue to do so.

The IRS also provided the option for taxpayers to e-File additional tax forms for Filing Season 2024, enabling more than 4 million forms to be filed digitally. This includes amendments to Forms 940, 941, 941-SS and 941(PR), which are some of the most common forms businesses file when amending returns.

Dramatically Improved Service During Filing Season

Thanks to resources from President Biden's Inflation Reduction Act, the IRS has built on the progress made during Filing Season 2023, delivering world class service in Filing Season 2024. The IRS achieved an **88%** Level of Service on the phones, exceeding Secretary of the Treasury Janet L. Yellen's goal of 85%. The agency also cut phone wait times to three minutes, answered more than 1 million more calls through live assistance, and saved taxpayers more than 1.4 million hours of hold time. Taxpayers have benefitted from the new and improved "Where's My Refund" tool 31 million times, and the IRS has served more than 170,000 additional taxpayers in-person at Taxpayer Assistance Centers than last Filing Season. This marks a vast improvement over 2022, when, due to a lack of resources, the IRS hit just 15% Level of Service to taxpayers and millions of refunds were delayed for months.

New 1099 filing option for small businesses

In January 2023, the IRS launched an online portal to allow businesses the option to file Form 1099 series information returns electronically rather than through the mail. This free electronic filing service is secure, accurate, free, and requires no special software. Small business owners often prepare their own taxes, rather than hire professional preparers, and this new tool is saving small business owners significant time and money. [Click here to find out more about e-filing forms 1099.](#)

Conclusion

Over the next ten years, Inflation Reduction Act investments will transform the IRS so that it provides world class service to taxpayers, delivers refunds quickly, supports the Inflation

Reduction Act's clean energy investments, and ensures that all Americans receive tax benefits for which they are eligible. Put together, the Inflation Reduction Act is a historic investment in building an economy that works for everyone.

For Further Information:

- [Strategic Operating Plan](#)
- [IRS.gov Tools](#)
- [Taxpayer Experience Days](#)
- [Credits and Deduction under the IRA](#)
- [Tax Information in Non-English Languages](#)
- [Direct File | Internal Revenue Service](#)
- [Filing Season 2024 Report Card](#)
- [Accomplishments in First Year of Implementation of Plan to Improve Taxpayer Service, Modernize Technology, Increase High-End Enforcement](#)

POLICY ISSUES

COVID19 Economic Relief

Inflation Reduction Act

Informational Resources

Impact and Stories

IRA-Related Tax Guidance

IRS Direct File Service

IRA Program Office

Energy Communities Data

Tax Policy

Climate Change

Economic Policy

Terrorism and Illicit Finance

Financing the Government

Financial Markets, Financial Institutions, and Fiscal Service

Consumer Policy

International

Small Business Programs

Tribal Affairs



BUREAUS

Alcohol and Tobacco
Tax and Trade (TTB)

Bureau of Engraving
and Printing (BEP)

Bureau of the Fiscal
Service (BFS)

Financial Crimes
Enforcement
Network (FinCEN)

Internal Revenue
Service (IRS)

Office of the
Comptroller of the
Currency (OCC)

U.S. Mint

INSPECTOR GENERAL SITES

Office of Inspector
General (OIG)

Treasury Inspector
General for Tax
Administration
(TIGTA)

Report Scams, Fraud,
Waste & Abuse

Special Inspector
General for Pandemic
Recovery (SIGPR)

U.S. GOVERNMENT SHARED SERVICES

Enterprise
Applications

Administrative
Resource Center
(ARC)- Bureau of the
Fiscal Service

Treasury Direct
Services for
Governments

Financial
Management (FM)
Marketplace Catalog

ADDITIONAL RESOURCES

Privacy Act

Small Business
Contacts

OTHER GOVERNMENT SITES

[USA.gov](https://www.usa.gov)

[USAJOBS.gov](https://www.usajobs.gov)

[OPM.gov](https://www.opm.gov)

Budget and
Performance

TreasuryDirect.gov
Securities/Bonds

Freedom of
Information Act
(FOIA)

No FEAR Act Data

Whistleblower
Protection

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Data.gov

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Regulations.gov

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