



Inflation Reduction Act - Section 48 Investment Tax Credit

"Base" and "Bonus" Rate Amounts

Relevant to Commercial and Multifamily Buildings

April 6, 2023

	Section 48 Project Type	Base Credit Amount	Meets Wage, Apprenticeship	Bonus Credit Amount	Relevant Statutory Section/Regulatory Guidance
	Various "energy property" ¹	6% of project costs	30% of project costs	See below for bonus re: solar, wind, associated storage < 5 MW; and "domestic content"; and Brownfields.	<ul style="list-style-type: none"> 26 U.S.C. §§ 48(a)(2)(a)(i), (9), (10) IRS Notice 2022-61 (87 Fed. Reg. 73,580 [Nov. 30, 2022]) for labor guidance
	Any "energy project" with max net output < 1 MW (measured in AC)	30% of project costs	N/A	See below for bonus re: solar, wind, associated storage < 5 MW; and "domestic content"; and Brownfields.	<ul style="list-style-type: none"> 26 U.S.C. §§ 48(a)(9)(A), (B)(i) Guidance expected to define "single" energy project
	Interconnection property for projects ≤ 5 MW (measured in AC)	6% of project costs	30% of project costs	Below, "domestic content"; and Brownfields.	<ul style="list-style-type: none"> 26 U.S.C. § 48(a)(8) IRS Notice 2022-61 (87 Fed. Reg. 73,580 [Nov. 30, 2022]) for labor guidance
	Microturbines ²	2%	10%	Below, "domestic content"; and Brownfields.	<ul style="list-style-type: none"> 26 U.S.C. §§ 48(a)(2)(a)(ii), 3(a)(iv)
Only solar, wind + storage projects with max net output < 5 MW (measured in AC).	In an NMTC census tract ("low-income community")	N/A	N/A	Add 10%. Annual capacity limit. ³ Must apply to DOE/IRS for allocation.	<ul style="list-style-type: none"> 26 U.S.C. §§ 48(e)(1)(A)(i), (2)(A)(iii)(I) IRS Notice 2023-17 (Feb. 13, 2023)
	On low-income housing (e.g., supported by LIHTCs or Section 8 vouchers)	N/A	N/A	Add 20%. Annual capacity limit. ⁴ Must apply to DOE/IRS for an allocation.	<ul style="list-style-type: none"> 26 U.S.C. §§ 48(e)(1)(A)(ii), (2)(A)(iii)(II), (2)(B) IRS Notice 2023-17 (Feb. 13, 2023)
	"Low-income economic benefit" (high poverty, low income census tract)	N/A		Add 20%. Annual capacity limit. ⁵ Must apply to DOE/IRS for allocation.	<ul style="list-style-type: none"> 26 U.S.C. §§ 48(e)(1)(A)(ii), (2)(A)(iii)(II), (2)(C) IRS Notice 2023-17 (Feb. 13, 2023)
	Any "energy property" that meets domestic content requirements ("Buy American") ⁶	N/A	N/A	<ul style="list-style-type: none"> Add 10% if projects meets labor OR generates < 1MW. Add 2% if project does not meet labor standards. 	<ul style="list-style-type: none"> 26 U.S.C. §§ 45(b)(9)(B); 48(a)(12) 49 C.F.R. § 661.5 (IRA incorporates "Buy America" regs from the Federal Transit Administration)
	Brownfield site (or area economically dependent on fossil fuel industry)	N/A	N/A	<ul style="list-style-type: none"> Add 2% Add 10% if project also meets labor standards. 	<ul style="list-style-type: none"> 26 U.S.C. §§ 45(b)(11)(B)(i); 48(a)(14) IRS Notice 2023-29 (Apr. 4, 2023)

¹ Consult relevant definitions for each "energy property" type at 26 U.S.C. § 48(c): fuel cells; solar electricity for heating/cooling/hot water; fiber-optic solar for interior illumination; electrochromic (dynamic) glass; "small wind" property (turbine capacity ≤ 100 KW); waste energy recovery (capacity ≤ 50 MW); electricity and hydrogen storage (nameplate capacity ≥ 5 KWH); thermal energy storage; biogas; combined heat and power; geothermal heat pumps; microgrid controllers.

² Nameplate capacity < 2,000 KW and electricity-only generating efficiency ≥ 26%. 26 U.S.C. § 48(c)(2).

³ 700 MW as per [IRS Notice 2023-17](#) (Feb. 13, 2023). Cannot be combined with extra credits for low-income housing or "low-income economic benefit."

⁴ 200 MW. See *id.* Cannot be combined with extra credits for "low-income community" or "low-income economic benefit."

⁵ 700 MW. See *id.* Cannot be combined with extra credits for low-income housing or "low-income community."

⁶ Steel, iron, and certain percentages of "manufactured products" that are components of "energy property" and certified as produced in the U.S.A. Additive and **can** be combined with various low-income extra credits for "communities," "housing" and "economic benefit." No capacity limits or IRS/DOE application required

