



# Inflation Reduction Act - Section 48 Investment Tax Credit

## "Base" and "Bonus" Rate Amounts

### Relevant to Commercial and Multifamily Buildings

May 25, 2023

|  | Section 48 Project Type  | Base Credit Amount   | Meets Wage, Apprenticeship  | Bonus Credit Amount   | Relevant Statutory Section/Regulation/Guidance  |
|--|--|----------------------|---|---|---|
|  | Various "energy property" <sup>1</sup>   | 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"> <li>26 U.S.C. §§ 48(a)(2)(a)(i), (9), (10)</li> <li><a href="#">IRS Notice 2022-61</a> (87 Fed. Reg. 73,580 [Nov. 30, 2022]) for labor guidance</li> </ul>   |
|  | Any "energy project" with max net output < 1 MW (measured in AC)                             | 30% of project costs | N/A   | See below for bonuses re: solar, wind, associated storage < 5 MW; "domestic content"; and Brownfields.  | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 48(a)(9)(A), (B)(i)</li> <li>Guidance expected to define "single" energy project</li> </ul>   |
|  | Interconnection property for projects ≤ 5 MW (measured in AC)                                | 6% of project costs  | 30% of project costs  | See below, "domestic content"; and Brownfields.   | <ul style="list-style-type: none"> <li>26 U.S.C. § 48(a)(8)</li> <li><a href="#">IRS Notice 2022-61</a> (87 Fed. Reg. 73,580 [Nov. 30, 2022]) for labor guidance</li> </ul>   |
|  | Microturbines <sup>2</sup>   | 2%                   | 10%   | See below, "domestic content"; and Brownfields.   | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 48(a)(2)(a)(ii), 3(a)(iv)</li> </ul>  |
| 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. <sup>3</sup> Must apply to DOE/IRS for allocation.  | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 48(e)(1)(A)(i), (2)(A)(iii)(I)</li> <li><a href="#">IRS Notice 2023-17</a> (Feb. 13, 2023)</li> </ul>   |
|  | On low-income housing (e.g., supported by LIHTCs or Section 8 vouchers)                      | N/A                  | N/A   | Add 20%. Annual capacity limit. <sup>4</sup> Must apply to DOE/IRS for an allocation.   | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 48(e)(1)(A)(ii), (2)(A)(iii)(II), (2)(B)</li> <li><a href="#">IRS Notice 2023-17</a> (Feb. 13, 2023)</li> </ul>   |
|  | "Low-income economic benefit" (high poverty, low income census tract)                        | N/A                  |   | Add 20%. Annual capacity limit. <sup>5</sup> Must apply to DOE/IRS for allocation.  | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 48(e)(1)(A)(ii), (2)(A)(iii)(II), (2)(C)</li> <li><a href="#">IRS Notice 2023-17</a> (Feb. 13, 2023)</li> </ul>   |
|  | Any "energy property" that meets domestic content requirements ("Buy American") <sup>6</sup> | N/A                  | <ul style="list-style-type: none"> <li>Add 10% if project meets wage, apprenticeship</li> </ul> | <ul style="list-style-type: none"> <li>Add 10% if project generates &lt; 1MW (labor standards N/A)</li> <li>Add 2% if project ≥ 1 MW and does not meet wage, apprenticeship.</li> </ul> | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 45(b)(9)(B); 48(a)(12)</li> <li><a href="#">49 C.F.R. § 661.5</a> (IRA incorporates "Buy America" regs from the Federal Transit Administration)</li> <li><a href="#">IRS Notice 2023-38</a> (May 12, 2023)</li> </ul> |
|  | Brownfield site (or area economically dependent on fossil fuel industry) <sup>7</sup>        | N/A                  | <ul style="list-style-type: none"> <li>Add 10% if project meets wage, apprenticeship</li> </ul> | <ul style="list-style-type: none"> <li>Add 2% if project does not meet wage, apprenticeship, if project also meets labor standards.</li> </ul>  | <ul style="list-style-type: none"> <li>26 U.S.C. §§ 45(b)(11)(B)(i); 48(a)(14)</li> <li><a href="#">IRS Notice 2023-29</a> (Apr. 4, 2023)</li> </ul>  |

<sup>1</sup> 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.

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

<sup>3</sup> 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."





The Real Estate Roundtable

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

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

<sup>6</sup> Steel, iron, and certain percentages of "manufactured products" that are components of "energy property" and certified by taxpayer 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

<sup>7</sup> Additive and **can** be combined with various credits for low-income "communities," "housing" and "domestic content." No capacity limits or IRS/DOE application required



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