



One Big Beautiful Bill (OBBB) Act (H.R.1)

Key Provisions Impacting Inflation Reduction Act (IRA) Tax Credits

Tax Credits and Incentives Provisions Under the IRA and CHIPS Act

Clean Energy

- Section 45 – Renewable Electricity Production Credit Modification and Extension
- Section 48 – Energy Credit Modification and Extension
- [Section 45Y – Clean Electricity Production Credit](#)
- [Section 48E – Clean Electricity Investment Credit](#)
- [Section 45U – Zero Emission Nuclear Power Production Credit](#)

Transportation and Vehicles

- [Section 45W – Qualified Commercial Clean Vehicle Credit](#)
- Section 30C – Alternative Fuel Refueling Property Credit Modification and Extension
- [Section 25E – Previously-Owned Qualified Clean Vehicles Credit](#)
- Section 30D – Clean Vehicle Credit Modification and Extension

Clean Fuels

- [Section 40B – Sustainable Aviation Fuel Credit](#)
- [Section 45Z – Clean Fuel Production Credit](#)
- Sections 6426, 40(b), 40A - Alternative Fuel Credits Extension

Manufacturing

- [Section 48C\(e\) – Advanced Energy Project Credit](#)
- [Section 48D – Advanced Manufacturing Investment Credit](#)
- [Section 45X – Advanced Manufacturing Production Credit](#)

Carbon Capture and Clean Hydrogen

- Section 45Q – Carbon Oxide and Sequestration Credit Modification and Extension
- [Section 45V – Clean Hydrogen Production Credit](#)

Energy Efficiency and Residential

- Section 179D – Energy Efficient Commercial Buildings Deduction
- Section 25C – Energy Efficient Home Improvement Credit
- Section 25D – Residential Clean Energy Credit
- Section 45L – New Energy Efficient Home Credit

Tax Credit Utilization

- [Section 6417 – Limited Elective Payment Option](#)
- [Section 6418 – Transfer of Certain Eligible Credits](#)
- Sections 38, 39 and 59A – 15% Corporate AMT and General Business Credits Utilization Modifications

Note: items in [blue font](#) were created from the Inflation Reduction Act (IRA) and the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act

Selected Provisions Impacting Inflation Reduction Act Credits

Clean Energy

	Prior Law	Current Law as Enacted
Section 45 and 48	<ul style="list-style-type: none">Legacy PTC and ITC available for qualified facilities, energy property, and projects that started construction before 2025.Qualifying technologies under section 48 include solar energy, fiber-optic solar, electrochromic glass, geothermal, qualified fuel cell, microturbine, combined heat and power, small wind, geothermal heat pump (GHP), waste energy recovery, energy storage technology, qualified biogas, microgrid controllers, and certain qualified investment credit facilities (ITC in lieu of PTC election).Qualifying technologies under section 45 include wind, closed-loop biomass, open-loop biomass, geothermal, solar, municipal solid waste (landfill gas and trash), hydropower, and marine and hydrokinetic.PWA rules apply; Domestic Content and Energy Community Adders.Transferable.	<ul style="list-style-type: none">No changes to section 45.<u>Solar and Geothermal Property</u>: Terminates the section 48 permanent 2% credit for solar and geothermal energy for which construction begins after June 16, 2025, and makes such property ineligible for any credit rate increases when satisfying the domestic content or energy community requirements.<u>Geothermal Heat Pump Property</u>: No changes to current law phase-out so the credit phases-out based on the start of construction in calendar 2033 (5.2%), 2034 (4.4%), and after 2034 (0%).<u>Prohibited Foreign Entity Restrictions</u>: Do not apply to any qualified facility or energy property under sections 45 and 48.<u>Transferability</u>: Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Clean Energy (cont.)

	Prior Law	Current Law as Enacted
Section 45Y and 48E	<ul style="list-style-type: none">• Tech-neutral PTC and ITC available for qualified facilities and energy storage technologies (EST) that is placed in service after 2024.• Qualifying technologies include: wind (including small wind), hydropower, marine and hydrokinetic, solar (including PV and CSP), geothermal, nuclear fission, fusion energy, and waste energy recovery property derived from the preceding technologies.• Qualifying EST technologies include electrical storage property, thermal storage property, and hydrogen storage property.• No fixed expiration date.• PWA rules apply; Domestic Content and Energy Community Adders.• Transferable.	<ul style="list-style-type: none">• <u>Solar and Wind</u>: Credit termination for facilities that begin construction after July 4, 2026, and are not placed in service on or before December 31, 2027. Facilities that begin construction on or before July 4, 2026, must be placed in service in compliance with beginning of construction continuity rules to avoid potential credit termination. An executive order from President Trump requires Treasury to take action by August 18, 2025, to strictly enforce the credit termination provision including issuing new and revised guidance deemed appropriate and consistent with applicable law to ensure that policies concerning the “beginning of construction” are not circumvented, including by preventing the artificial acceleration or manipulation of eligibility and by restricting the use of broad safe harbors unless a substantial portion of a subject facility has been built.• <u>All Other Technologies</u>: Credits are subject to an accelerated phase-out based on the calendar year construction of the facility begins: 2034 (75%), 2035 (50%), and after 2035 (0%).• <u>Nuclear Energy Communities</u>: Expands the definition of an energy community under section 45Y solely for advanced nuclear facilities to include MSAs with at least 0.17% direct employment related to the advancement of nuclear power.• <u>Expansions of Facility</u>: Provides clarifications with respect to additions of capacity for purposes of applying the expansion of facility rule.• <u>Fuel Cell Property</u>: Provides a special rule for property the construction of which begins after 2025 allowing such property to be eligible for a credit rate of 30% without any increase or adjustment by any other provision of section 48E. Additionally, such fuel cell property is not subject to the zero greenhouse gas emissions requirement.• <u>Leased Residential Clean Energy Property</u>: Credit termination for certain leased residential clean energy property <i>excluding solar electric property</i> in taxable years beginning after July 4, 2025.• <u>Emissions Rate Tables</u>: For purposes of determining the greenhouse gas emissions rates for types and categories of facilities, the Secretary must also consider studies, published on or before the date of enactment, which demonstrate a net lifecycle greenhouse gas emissions rate which is less than zero, using widely accepted lifecycle assessment standards, such as standards developed by the International Organization for Standardization.• <u>Domestic Content</u>: Increases percentages required to qualify for domestic content adder under section 48E by “fixing” statutory glitch that had not applied the same increasing percentages as provided under section 45Y.• <u>Prohibited Foreign Entity Restrictions</u>: For tax years beginning after July 4, 2025, taxpayers that are “specified foreign entities” or “foreign-influenced entities” are not eligible for the credit. Disallows the credit for any facilities or energy storage technologies for which construction begins after December 31, 2025, and for which the taxpayer receives material assistance from one or more PFEs.• <u>Transferability</u>: Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Clean Energy (cont.)

	Prior Law	Current Law as Enacted
Section 45U	<ul style="list-style-type: none">• Zero-emission nuclear PTC available for electricity produced at a qualified nuclear power facility and sold by the taxpayer to an unrelated person in taxable years beginning after December 31, 2023, and before January 1, 2033.• A qualified nuclear power facility is a facility owned by the taxpayer that was placed in service before August 16, 2022, and uses nuclear energy to produce electricity.• Credit amount otherwise determined is subject to potential reduction based on the facility’s gross receipts from electricity sales.• Prevailing Wage rules apply.• Transferable.	<ul style="list-style-type: none">• Accelerated credit termination date removed meaning the credit terminates based on the taxpayer’s first taxable year beginning after December 31, 2032.• <u>Prohibited Foreign Entity Restrictions</u>: For tax years beginning after July 4, 2025, taxpayers that are “specified foreign entities” are not eligible for the credit. For tax years beginning after July 4, 2027, taxpayers that are “foreign-influenced entities” (without applying the effective control payment rule) are not eligible for the credit.• <u>Transferability</u>: Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Clean Fuels

	Prior Law	Current Law as Enacted
Section 45Z	<ul style="list-style-type: none">• Tech-neutral clean fuel PTC provides a credit based on the applicable amount per gallon (\$0.20 or \$1 for non-SAF fuels; \$0.35 or \$1.75 for SAF) of transportation fuel produced at a qualified facility in the US and sold to an unrelated person for use in production of a fuel mixture, use in a trade or business, or to sell at retail and place in the fuel tank of another person.• Producer must be registered as a producer of clean transportation fuel at the time of production.• Two broad categories of fuel to which credit applies: (1) sustainable aviation fuel (SAF); and (2) non-SAF transportation fuel.• Available between January 1, 2025, through December 31, 2027.• PWA rules apply.• Transferable.	<ul style="list-style-type: none">• <u>Credit Extension</u>: Credit extended 2 years through 2029.• <u>Foreign Feedstock Prohibition</u>: Fuel produced after 2025 must be exclusively derived from a feedstock produced or grown in the U.S., Mexico, or Canada.• <u>Prohibition on Negative Emissions Rates</u>: Fuel produced after 2025 cannot have an emissions rate that is less than zero, except for fuel derived from animal manure. Treasury is required to provide a distinct emissions rate for fuels derived from animal manure, based on the specific animal manure feedstock, and that rate may be less than zero.• <u>Determination of Emission Rates</u>: For emissions rates published for transportation fuels produced after 2025, emissions rate shall be adjusted to exclude any emissions attributed to indirect land use changes, based on Treasury regulations or methodologies.• <u>Sustainable Aviation Fuel</u>: Repeals the increased rate of \$1.75 per gallon for SAF for fuel produced after 2025. Addresses overlapping claims for the credit and an excise tax credit in section 6426(k)(1) (the SAF blending credit), by reducing the value of the credit to the extent the credit under section 6426(k)(1) was taken and terminates section 6426(k) credit for periods after September 30, 2025.• <u>Small Agri-Biodiesel</u>: Extends and increases section 40A small agri-biodiesel production credit, adds section 6418 transferability for 40A credit after June 30, 2025, and permits taxpayer to claim both section 45Z and 40A credits on the same fuel.• <u>Other Clarifications</u>: Amends definition of “transportation fuel” to exclude a fuel produced from another fuel for which a section 45Z credit is allowable. Authorizes Treasury to provide rules addressing related-party sales.• <u>Prohibited Foreign Entity Restrictions</u>: For tax years beginning after July 4, 2025, taxpayers that are “specified foreign entities” are not eligible for the credit. For tax years beginning after July 4, 2027, taxpayers that are “foreign-influenced entities” (without applying the effective control payment rule) are not eligible for the credit.• <u>Transferability</u>: Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Manufacturing

	Prior Law	Current Law as Enacted
Section 45X	<ul style="list-style-type: none">• PTC of differing values available for domestic production of certain solar energy components, wind energy components, inverters, qualifying battery components, and applicable critical minerals as “eligible components.”• The credit is phased-out (excluding critical minerals) based on the date the eligible components are sold beginning in calendar years 2030 (75%), 2031 (50%), 2032 (25%), and after 2032 (0%).• Solar energy components include solar modules, PV cells, PV wafers, solar grade polysilicon, polymeric backsheets, torque tubes, and structural fasteners.• Wind energy components include blades, nacelles, towers, offshore wind foundations, and related offshore wind vessels.• Inverters include central inverters, commercial inverters, distributed wind inverters, microinverters, residential inverters, and utility inverters.• Qualifying battery components include electrode active materials, battery cells, and battery modules.• Applicable critical minerals include 50 different types, once converted or purified to specific standards are eligible for the credit.• Direct pay eligible for any 5 years.• Transferable when not subject to direct pay.	<ul style="list-style-type: none">• <u>Wind Energy Components</u>: Terminates the credit for wind energy components produced and sold after 2027.• <u>All Other Eligible Components Except Critical Minerals</u>: The credit is phased-out based on the date the eligible components are sold beginning in calendar years 2030 (75%), 2031 (50%), 2032 (25%), and after 2032 (0%).• <u>Critical Minerals Except Metallurgical Coal</u>: The credit is phased-out based on the date the eligible components are produced beginning in calendar years 2031 (75%), 2032 (50%), 2033 (25%), and after 2033 (0%).• <u>Metallurgical Coal</u>: For tax years beginning after July 4, 2025, adds metallurgical coal as a critical mineral with a credit amount equal to 2.5% of the costs incurred by the taxpayer with respect to production of such mineral. Metallurgical coal must be suitable for use in the production of steel, regardless of whether such production occurs inside or outside of the U.S. The credit terminates for metallurgical coal produced after December 31, 2029.• <u>Sale of Integrated Components</u>: For components sold in tax years beginning after 2026, amends the integrated component rule by requiring use of same facility for primary and secondary components and at least 65% of the total direct material costs must be attributable to primary components that were mined, produced, or manufactured in the United States.• <u>Battery Module Definition</u>: For tax years beginning after July 4, 2025, the definition of battery module is modified to require that it “is comprised of all other essential equipment needed for battery functionality, such as current collector assemblies and voltage sense harnesses, or any other essential energy collection equipment.”• <u>Prohibited Foreign Entity Restrictions</u>: For tax years beginning after July 4, 2025, taxpayers that are “specified foreign entities” or “foreign-influenced entities” are not eligible for the credit. For tax years beginning after July 4, 2025, eligible component does not include any property which includes any material assistance from a PFE.• <u>Transferability</u>: Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Manufacturing (cont.)

	Prior Law	Current Law as Enacted
Section 48C	<ul style="list-style-type: none">• Provides an ITC through a competitive application process administered through the Department of Energy equal to 6% or 30% of the investment with respect to any advanced energy project.• Ten billion dollars of tax credits have already been awarded.• Section 48C allows for a reallocation of related to any revocation of credit certifications.• PWA rules apply• Transferable.	<ul style="list-style-type: none">• Advanced energy project credit statute amended to prohibit any reallocation of credits returned to Treasury as of July 4, 2025.• <u>Transferability</u>: Transferability remains intact.
Section 48D	<ul style="list-style-type: none">• Provided an ITC equals to 25% of the qualified investment for the taxable year with respect to any advanced manufacturing facility of an eligible taxpayer.• The term advanced manufacturing facility means a facility for which the primary purpose is the manufacturing of semiconductors or semiconductor manufacturing equipment.• The qualified investment is the basis of any qualified property placed in service by the taxpayer during the taxable year that is part of an advanced manufacturing facility.• An eligible taxpayer means any taxpayer that is not a foreign entity of concern (“FEOC”) and has not engaged in an applicable transaction (as defined in section 50(a)).• The credit terminates for property which is part of an advanced manufacturing facility (or a single advanced manufacturing facility project) if the beginning of construction of the property (or the advanced manufacturing facility project) begins after December 31, 2026.• Direct pay eligible.• Not transferable.	<ul style="list-style-type: none">• Increases the ITC credit amount to 35% (from 25%) with respect to property placed in service after December 31, 2025.• <u>Elective Payment</u>: Direct pay remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Carbon Capture and Clean Hydrogen

	Prior Law	Current Law as Enacted
Section 45Q	<ul style="list-style-type: none">Provides a credit ranging from \$12-\$17 or \$60-\$85 per metric ton (MT) based on the amount of carbon oxides captured from a qualified facility over a 12-year period. The captured carbon must be put to an end use (disposal, injection in EOR projects, or utilized). For direct air capture facilities, the credit ranging from \$26-\$36 or \$130-\$180 per MT.Credit terminates with respect to facilities the construction of which begins after December 31, 2032, or the original planning and design for such facility included installation of carbon capture equipment.Direct pay eligible for the first 5 years.Transferable when not subject to direct pay.	<ul style="list-style-type: none"><u>Parity for Different Uses and Utilizations of Carbon Oxide:</u> Increases the credit rate for the utilization of qualified carbon oxide equal to the rate for qualified carbon oxide that is disposed of in secure geological storage without prior utilization. The increased credit rate applies to facilities or equipment placed in service after July 4, 2025.<u>Prohibited Foreign Entity Restrictions:</u> For tax years beginning after July 4, 2025, taxpayers that are “specified foreign entities” are not eligible for the credit. For tax years beginning after July 4, 2027, taxpayers that are “foreign-influenced entities” (without applying the effective control payment rule) are not eligible for the credit.<u>Transferability:</u> Transferability remains intact.
Section 45V	<ul style="list-style-type: none">Provides a PTC of up to \$3 per kg of clean hydrogen over a 10-year credit period for the production of clean hydrogen at a qualified facility in the U.S.Taxpayers may elect to claim an ITC in lieu of the PTC of up to 30%.Credit terminates with respect to facilities the construction of which begins after December 31, 2032.Direct pay eligible for first 5 tax years.Transferable when not subject to direct pay.	<ul style="list-style-type: none">Credit termination with respect to facilities the construction of which begins after December 31, 2027.<u>Transferability:</u> Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Transportation and Vehicles

	Prior Law	Current Law as Enacted
Section 45W	<ul style="list-style-type: none"> • Credit for qualified commercial clean vehicles equal to the lesser of 30% (15% for hybrid vehicles) of the basis of the qualified vehicle, or the incremental cost, capped at either \$7,500 or \$40,000 based on gross vehicle weight (14,000 lbs.). • No critical mineral, battery component, or final assembly requirements. • Credit terminates for vehicles acquired after December 31, 2032. 	<ul style="list-style-type: none"> • Credit terminated with respect to any vehicle acquired after September 30, 2025. • <u>Colloquy</u>: “It is the legislative intent that vehicles shall be treated as ‘acquired’ as of the date on which a written binding contract is entered into for their acquisition and a payments has been made.” Rep. Darin LaHood (R-ILL) and House Ways and Means Committee Chairman Rep. Jason Smith (R-MO).
Section 30D	<ul style="list-style-type: none"> • Credit for newly-owned clean vehicles equal to \$7,500 or \$3,750, dependent upon satisfying certain critical mineral, battery component, and domestic assembly requirements. • MAGI limited to \$300,000 (MFJ), \$225,000 (HoH), and \$150,000 (single). • Credit terminates for vehicles placed in service after December 31, 2032. 	<ul style="list-style-type: none"> • Credit terminated with respect to any vehicle acquired after September 30, 2025.
Section 25E	<ul style="list-style-type: none"> • Credit for previously-owned clean vehicles equal to the lesser of \$4,000, or 30% of sales price. • MAGI limited to \$150,000 (MFJ), \$112,500 (HoH), and \$75,000 (single). • Credit terminates for vehicles acquired after December 31, 2032. 	<ul style="list-style-type: none"> • Credit terminated with respect to any vehicle acquired after September 30, 2025.
Section 30C	<ul style="list-style-type: none"> • Personal or business credit for qualified alternative fuel vehicle (QAFV) refueling property equal to either 6% or 30% of costs for QAFV refueling property, up to \$100,000 (or \$1,000 for personal credit) with respect to any single item of QAFV refueling property placed in service in certain low-income census tracts or non-urban areas. • Prevailing wage and apprenticeship rules apply. • Business credit is transferable. • Credit terminates for any property placed in service after December 31, 2032. 	<ul style="list-style-type: none"> • Credit terminated with respect to any property placed in service after June 30, 2026. • <u>Transferability</u>: Transferability remains intact.

Selected Provisions Impacting Inflation Reduction Act Credits

Energy Efficiency and Residential

	Prior Law	Current Law as Enacted
Section 179D	<ul style="list-style-type: none"> Allows a deduction for the cost of energy efficient commercial building property placed in service during the tax years subject to certain limitations. The deduction amount is limited to a maximum of \$5 per sq ft. for new and existing buildings that reduce their energy and power costs by at least 25% with prevailing wage rules applying to secure maximum value. Taxpayers making energy-efficient retrofits that are part of a qualified retrofit plan on a building that is at least 5 years old may qualify to deduct their adjusted basis in the retrofit property (so long as that amount does not exceed a per-square foot value determined on the basis of energy usage intensity). Tax-exempts and governmental entities are allowed to allocate the deduction to the designer of the building or retrofit plan. No termination date. 	<ul style="list-style-type: none"> Terminates the deduction with respect to property the construction of which begins after June 30, 2026.
Section 45L	<ul style="list-style-type: none"> Provides a tax credit for any qualified new energy efficient home constructed and sold by an eligible contractor. The credit amount is \$2,500 for single-family homes (or \$5,000 if certified as zero-energy ready home). The credit is \$500 (or \$2,500 if meets prevailing wage requirement) for multifamily homes, and \$1,000 (or \$5,000 if meets prevailing wage requirement) for zero-energy ready multifamily homes. Credit terminates for any qualified new energy efficient home acquired after December 31, 2032. 	<ul style="list-style-type: none"> Credit terminated for any qualified new energy efficient home acquired after June 30, 2026.

Selected Provisions Impacting Inflation Reduction Act Credits

Energy Efficiency and Residential (cont.)

	Prior Law	Current Law as Enacted
Section 25C	<ul style="list-style-type: none"> Provides a personal credit for energy efficient home improvements equal to 30% of the amount paid or incurred for certain energy efficiency improvements, residential energy property, and home energy audits by an individual, up to \$1,200 in any taxable year, subject to certain limitations. Credit terminates for property placed in service after December 31, 2032. 	<ul style="list-style-type: none"> Credit terminated for any property placed in service after December 31, 2025. Note that there is a drafting error in the enacting statute that amends section 25C(h) rather than section 25C(i).
Section 25D	<ul style="list-style-type: none"> Provides a personal credit for residential clean energy property equal to the sum of the applicable percentages of qualifying expenditures for certain residential clean energy property made during a taxable year. The applicable percentage is determined based on the calendar year that the property is placed in service. Qualifying expenditures include expenditures for solar water heating property, solar electric property, fuel cell property, small wind energy property, geothermal heat pump property, and battery storage technology. The phase-out of applicable percentages based on the calendar years that the property is placed in service as follows: 2017-2019 (30%); 2020-2021 (26%); 2022-2032 (30%); 2033 (26%); 2034 (22%). Credit terminates for property placed in service after December 31, 2034. 	<ul style="list-style-type: none"> Credit terminated with respect to any expenditures made after December 31, 2025. Modified the phase-out of applicable percentages based on new credit termination date as follows: 2017-2019 (30%); 2020-2021 (26%); 2022-2025 (30%).

Selected Provisions Impacting Inflation Reduction Act Credits

Direct Pay and Transferability

Prior Law		Current Law as Enacted
Section 6417	Direct pay applicable to numerous “applicable credits” including sections 30C, 45, 45Q, 45U, 45V, 45W (tax-exempts), 45X, 45Y, 45Z, 48, 48C, and 48E.	<ul style="list-style-type: none">Conforming amendment made with respect to a credit disallowance under sections 45X, 45Y, or 48E, by reason of overstating the material assistance cost ratio, to treat such credit disallowance as an excessive payment under section 6417(d)(6).
Section 6418	Transferability applicable to numerous “eligible credits” including sections 30C, 45, 45Q, 45U, 45V, 45X, 45Y, 45Z, 48, 48C, and 48E.	<ul style="list-style-type: none">Adds new subsection (g) prohibiting an eligible taxpayer from transferring any portion of the credits determined under sections 45Q, 45U, 45X, 45Y, 45Z, and 48E to a specified foreign entity as defined in section 7701(a)(51)(B).Makes the small agri-biodiesel producer credit under section 40A(b)(4) transferable under section 6418 for fuel sold or used after June 30, 2025.Transferability remains intact for all eligible credits through each credits’ respective termination date.



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