

IRA - Clean Energy Investment and Production Tax Credits



July 20th, 2023

Berlin Business Office, USA



Agenda

- Introduction of Berlin Business Office, USA
- Introduction of Aprio
- Inflation Reduction Act (“IRA”)
- Tax Credits under the IRA
- Transferability
- Q&A

Berlin Business Office, USA

- **Founded:** 2019
- **Location:** NYC's Financial District
- **Mission:**
 - Support Berlin companies locating to the U.S.
 - Support U.S. companies locating to Berlin
 - Market Berlin's startup ecosystem to U.S. investors & entrepreneurs
- **Services:**
 - We work with U.S. companies of all sizes that are looking to establish a presence/subsidiary or find partners in Berlin
 - As part of the Berlin government, we offer cost-free services to decision-makers to learn about Berlin's advantages, industries, financing and more
 - Identify partners, office space/sites, talent, and financing for your powerful entrance into the German/European market



Aprio today



1600+
Team
Members



94
Partners



9
Industry
Specialties



35+
Services



35+
Languages
Spoken



25%
Team Member
Diversity



Clients in
50+
Countries



900
Retirement
Plans



\$2.0
Billion in AUM



5 VC
Investments



40+
Private Equity
Firms

We are expert advisors across industries, services and capabilities

SERVICE LINES



Advisory



Audit



Outsourcing



Tax



Wealth Management
and Retirement Plans

INDUSTRIES



Real Estate &
Construction



Housing
Authorities



Technology &
Blockchain



Manufacturing &
Distribution



Healthcare



Dental



Professional
Services



Restaurant,
Franchise
& Hospitality



Non-Profit &
Education

SPECIALTY TAX

- Employee Retention Credit
- Paycheck Protection Program
- State and Local Tax
- Tax Credits and Incentives
- International Tax & Transfer Pricing

DIGITAL ADVISORY

- Data and Analytics
- Blockchain
- Digital Transformation
- Enterprise Risk Management
- Cybersecurity Advisory
- Information Assurance

OUTSOURCING

- Accounting
- Payroll
- HR & People Advisory
- IT & Financial Staffing

BUSINESS PERFORMANCE

- Business Brokerage
- Transaction Advisory
- Business Valuation
- Financial Consulting
- Treasury Optimization Services



Diversity
powers
our global
business
growth

35+

LANGUAGES SPOKEN

Arabic

Belarusian

Bengali

Bulgarian

Cantonese

Czech

Dutch

English

French

German

Greek

Gujarati

Hebrew

Hindi

Hokkien

Indonesian

Italian

Japanese

Korean

Lithuanian

Mandarin

Marathi

Marwari

Polish

Portuguese

Punjabi

Russian

Spanish

Swiss German

Tagalog

Ukrainian

Vietnamese

Today's Speaker



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Inflation Reduction Act (IRA)

- Landmark US federal law signed into law on August 16, 2022.
- Purposes
 - Domestic energy production
 - Promotion of clean energy
 - Curbing inflation
- Budget
 - Authorized \$891 billion in total spending, including \$783 billion on domestic energy security and climate change and \$80 billion on IRS modernization and increased tax enforcement
 - Of the \$783 billion, \$663 billion is embedded in the federal tax code
 - The largest investment into addressing climate change in the US history

IRA (Cont'd)

Lowering Costs of Families' Everyday Expenses



through THE INFLATION REDUCTION ACT

Lower Costs for American Families

Make the Tax Code Fairer



Source: White House

Tax Credits

- **Investments**

- Section 48 – Energy Credit
- Section 48E – Clean Energy Investment Credit
- Section 48C – Qualifying Advanced Energy Project Credit
- Section 30C – Alternative Fuel Vehicle Refueling Property Credit

- **Productions**

- Section 45X – Advanced Manufacturing Production Credit
- Section 45Y – Clean Electricity Production Credit

Section 48 – Energy Credit

- **Eligible investments**
 - Equipment that uses solar energy to generate electricity, heat, cool, or illuminate a structure
 - Equipment using geothermal deposits to produce, distribute, or use energy
 - Qualified fuel cell property or qualified microturbine property
 - Qualified small wind energy property
 - Waste energy recovery property
 - Energy storage technology
 - Qualified biogas property
 - Microgrid controllers
- **Generally, construction begins before 2025**



Section 48 – Energy Credit (Cont'd)

- **Credit amounts**
 - 6% base credit
 - 30%, if prevailing wage and apprenticeship requirements are met or for small projects less than 1MW max output
 - 10% bonus credit for projects that used components manufactured in the US
 - 10% bonus credit for the projects located in the energy community
 - 10-20% bonus credit allocations for projects located in low-income areas
- **How to claim?**
- **Carry-back, carry-forward, and/or transfer! (Refer to Slide 21)**

Section 48E – Clean Energy Investment Credit

- **Eligible Investments**
 - Facility used for the generation of electricity, and
 - Anticipated GHG emission rate is not greater than 0
 - OR energy storage technology
- **Placed in service after December 31, 2024**
- **Credit amounts**
- **How to claim?**



Section 48C - Qualifying Advanced Energy Project Credit

- Broader eligibility criteria
- Round approach
 - Round 1 concept paper due July 31, 2023
- Credit amounts
 - 6% base credit
 - 30%, if prevailing wage and apprenticeship requirements are met
- Placed in service requirements

Section 30C - Alternative Fuel Vehicle Refueling Property Credit

- **Eligible property**
 - Using electricity as vehicle refueling property
 - At least 85% of the volume of which consists of
 - Ethanol
 - Natural gas
 - Compressed natural gas
 - Liquefied natural gas
 - Liquefied petroleum gas
 - Hydrogen
 - Any mixture that includes two or more of
 - Biodiesel (at least 20%)
 - Diesel fuel
 - Kerosene



Section 30C - Alternative Fuel Vehicle Refueling Property Credit (Cont'd)

- **Credit amounts**
 - 30% of the cost of the property (6% in case the property is subject to depreciation)
 - If prevailing wage and apprenticeship requirements are met, 30% regardless of depreciation status
 - Single property's credit not to exceed \$100,000
 - Residential fueling equipment may receive a credit, up to \$1,000
- **Eligible location**
 - Low-income community or
 - Not an urban area
- **Reduction of depreciation basis**

Section 45X – Advanced Manufacturing Production Credit

- **Eligible components**
 - Solar energy: Photovoltaic (PV) cells, PV wafer, solar grade polysilicon, polymeric backsheet, solar module
 - Wind energy: blade, nacelle, tower, offshore wind foundation
 - Torque tube, structural fastener, inverter
 - Battery: electrode active materials, battery cell, battery module
 - Applicable critical mineral: Roughly 50 minerals, including aluminum, antimony, barite, beryllium, and more



Section 45X – Advanced Manufacturing Production Credit (Cont'd)

- Eligible for components produced in the U.S. and sold to third-party customers
- Phase-out 2030-2032
- How to claim?

Section 45Y - Clean Electricity Production Credit

- **Qualified facility**
 - Used for the generation of electricity
 - Placed in service after December 31, 2024
 - GHG emission rate is not greater than 0
- **Eligible electricity**
 - Sold by the taxpayer to an unrelated person or
 - If the facility is equipped with a metering device owned and operated by an unrelated person, sold, consumed, or stored by the taxpayer
- **Credit amounts**
 - Base amount is 0.3 cents multiplied by kW hours of electricity
 - 1.5 cents multiplied by kW hours if prevailing wage and apprenticeship requirements are met or for a small project (max net output less than 1MW)

No Double-Dipping



If an investment for a facility received an investment tax credit, productions from the same facility cannot receive the production tax credit.

Scenario 1: What if my company received the Section 48 tax credit for the solar panel we recently purchased and we started generating electricity and selling those to third parties?

Scenario 2: What if my facility produces solar modules that are eligible for Section 45X production tax credit and Section 48 energy tax credit and sell the modules to third party customers?

Carry-back, carry-forward, get refund, and transfer!

	48	48E	48C	30C	45X	45Y
Carry-back	3yrs	3yrs	3yrs	1yr	3yrs	3yrs
Carry-forward	22yrs	22yrs	22yrs	20yrs	22yrs	22yrs
Direct pay*	N	N	N	N	Y – for the first 5yrs	N
Transfer	Y	Y	Y	Y	Y	Y

* Assumed for non-exempt organizations.

Transferability

- Election required along with the tax return
- Multiple buyers available
- Market rates
- Penalties



Q&A



Thank you for joining!



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