

March 7, 2024

## MEMORANDUM

TO: Carbon Capture Coalition

FROM: Hunter Johnston  
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RE: Inflation Reduction Act Implementation

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Since the passage of the Inflation Reduction Act (IRA) in August 2022, the Department of Treasury and IRS (collectively “Treasury”) have provided proposed and temporary regulations, as well as other forms of guidance on several of the tax credits important to the Coalition that were included in the legislation. Since our last update in January, the status of the guidance for each tax credit is continually evolving. We expect guidance to continue to be issued in the coming weeks and months for several credits, but the exact timing remains uncertain. We expect that the Biden Administration will try to finalize most IRA guidance before the election in November.

### Final Regulations:

- Direct Pay: Treasury issued [final regulations](#) on March 5, 2024, for direct pay and the direct pay pre-registration requirements that will be effective on May 10, 2024.

### No Regulations or Guidance:

- Section 45Q CCUS Credit: There is no guidance or proposed regulations to date for the IRA’s modifications to section 45Q. Treasury has only issued a request for comments on the section 45Q credit.
- Section 45Z Clean Fuels Credit: Treasury has not issued guidance or proposed regulations for the section 45Z clean fuels credit. Treasury is unlikely to issue guidance on section 45Z in the near term as the credit does not go into effect until 2025.

### Proposed Regulations:

- Prevailing Wage and Apprenticeship Bonus Credit: Treasury issued initial guidance in [Notice 2022-61](#) in November 2022 and [proposed regulations](#) on August 30, 2023. The

comment period closed on October 30, 2023. Final regulations have not yet been issued but are expected in the coming weeks.

- Section 45V Clean Hydrogen Production Credit: Treasury issued [proposed regulations](#) and the Department of Energy issued an accompanying [White Paper](#), an Updated GREET Model, and [GREET Model Guidelines](#) on December 22, 2023. Comments were due on February 26, 2024. We expect final regulations to potentially issued in the second or third quarter of 2024 to avoid potential challenges under the Congressional Review Act.
- Transferability: Along with Direct Pay, Treasury issued proposed regulations for the [transferability](#) requirements, as well as [temporary regulations](#) for the pre-filing requirements. The comment period on these proposed regulations closed on August 14, 2023. Treasury opened the pre-filing registration platform on December 22, 2023. With Treasury recently issuing final direct pay regulations, we expect final regulations on transferability requirements to be forthcoming in the coming weeks.
- Direct Pay & Partnerships: Treasury issued [proposed regulations](#) on March 5, 2024, regarding exceptions to the final direct pay regulations for partnerships that co-own eligible credit property to make a direct pay election for credits other than the section 45X, 45V, or 45Q credits. Comments are due on May 10, 2024.
- Section 45X Advanced Manufacturing Production Tax Credit: Treasury issued [proposed regulations](#) on December 15, 2023. Comments were due on February 13, 2024.

#### Notice/Request for Comments:

- Direct Pay and Chaining: Treasury issued [Notice 2024-27](#) along with the final direct pay regulations on March 5, 2024, that requests additional comments on situations where a direct pay election could be made for a credit that was purchased in a transfer election under section 6418. Comments are due on December 1, 2024.

#### Guidance

- Section 40B Sustainable Aviation Fuel (SAF): Treasury issued initial guidance in Notices [2024-6](#) (guidance on lifecycle GHG emissions), [2023-06](#), and [2022-39](#) for the section 40B SAF credit.