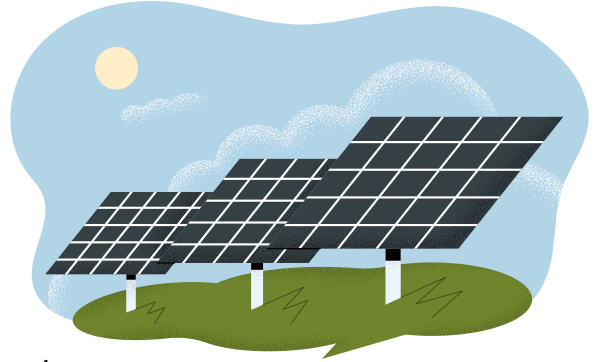


Getting the most out of the Inflation Reduction Act:

3 Reasons tax-exempt entities may approach you as a tax professional

The Inflation Reduction Act of 2022 (Public Law 117-169) created a mechanism called **Elective Pay**, which **enables tax-exempt entities to claim federal tax credits for their investments in clean energy.**

Tax-exempt entities such as local governments, public school districts, nonprofits, and faith-based organizations can now, for the first time, get reimbursed for a portion of their project costs by submitting a federal tax return and claiming these credits. Doing so is treated as an overpayment of taxes, resulting in entities receiving a check from the Internal Revenue Service (IRS) for the credit amount. Check out the [IRS webpage on Elective Pay](#) to learn more.



They purchased an electric vehicle by September 30, 2025.

- ▶ Credit of up to 30% with a max of \$7,500 for vehicles under 14,000lbs.
- ▶ Credit of up to 30% with a max of \$40,000 for all vehicles over 14,000lbs.
- ▶ See this [IRS webpage](#) on **Section 45W** for more information and use **IRS Form 8936** to claim.

They installed an electric vehicle charger on their property.

- ▶ Credit of up to 30% (up to a max of \$100,000) for chargers subject to a depreciation schedule.
- ▶ See this [IRS webpage](#) on **Section 30C** for more information and use **IRS Form 8911** to claim.

They installed a solar, geothermal HVAC, or battery storage project.

- ▶ Credit of up to 30% (more in some cases)
- ▶ See this [IRS webpage](#) on **Section 48E¹** for more information and use **IRS Form 3468** to claim.

All Elective Pay filings will need to complete and submit an IRS Form 990-T, Form 3800, and the credit-specific form listed above. Projects meeting Prevailing Wage & Apprenticeship requirements will also complete Forms 4255 and 7220 as necessary.

¹Projects that started construction prior to 1/1/2025, and geothermal HVAC systems, claim Section 48 via Section VI on Form 3468. Section 48E can be claimed on Part V of the same form.